

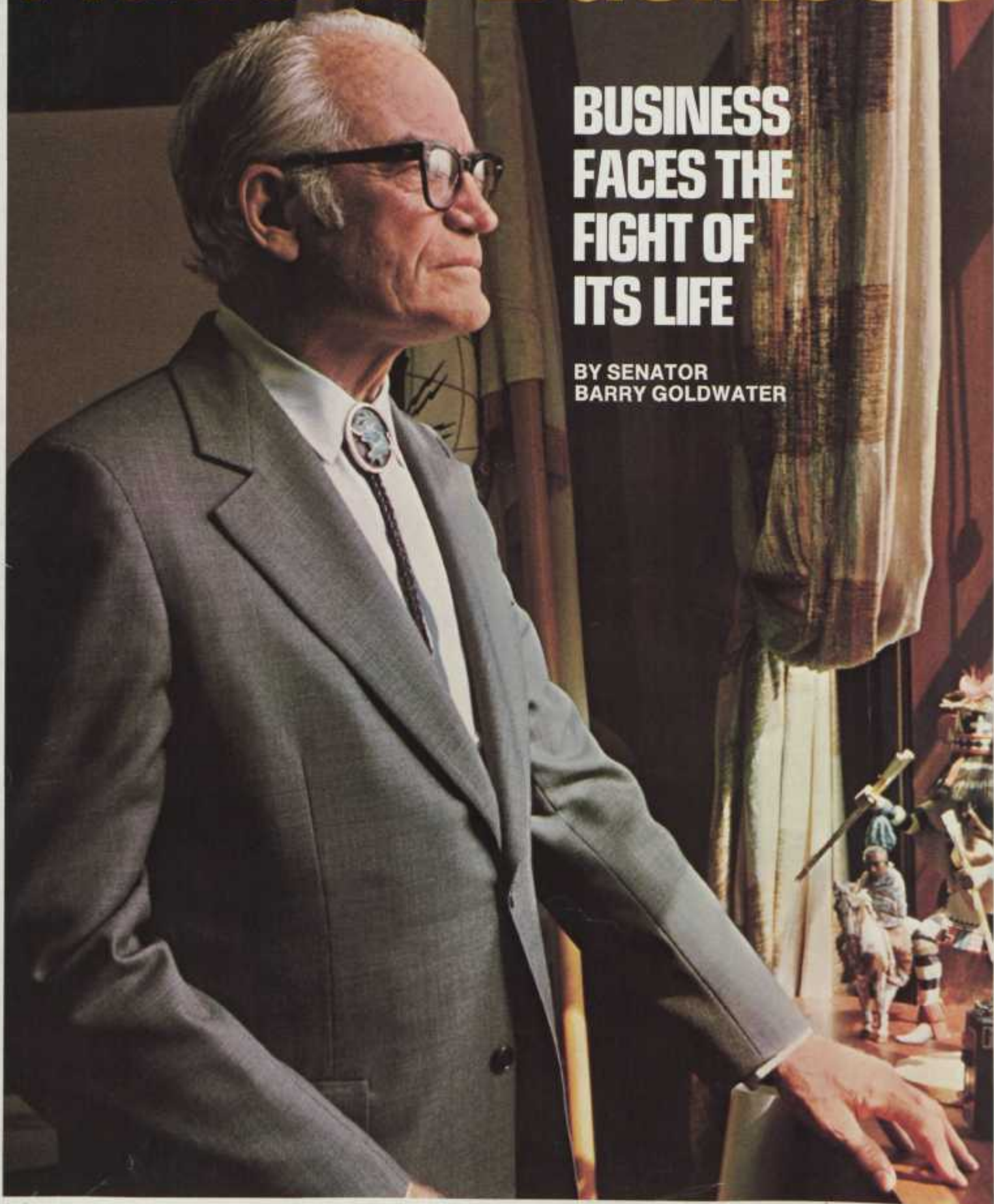
A USEFUL LOOK AHEAD FROM WASHINGTON

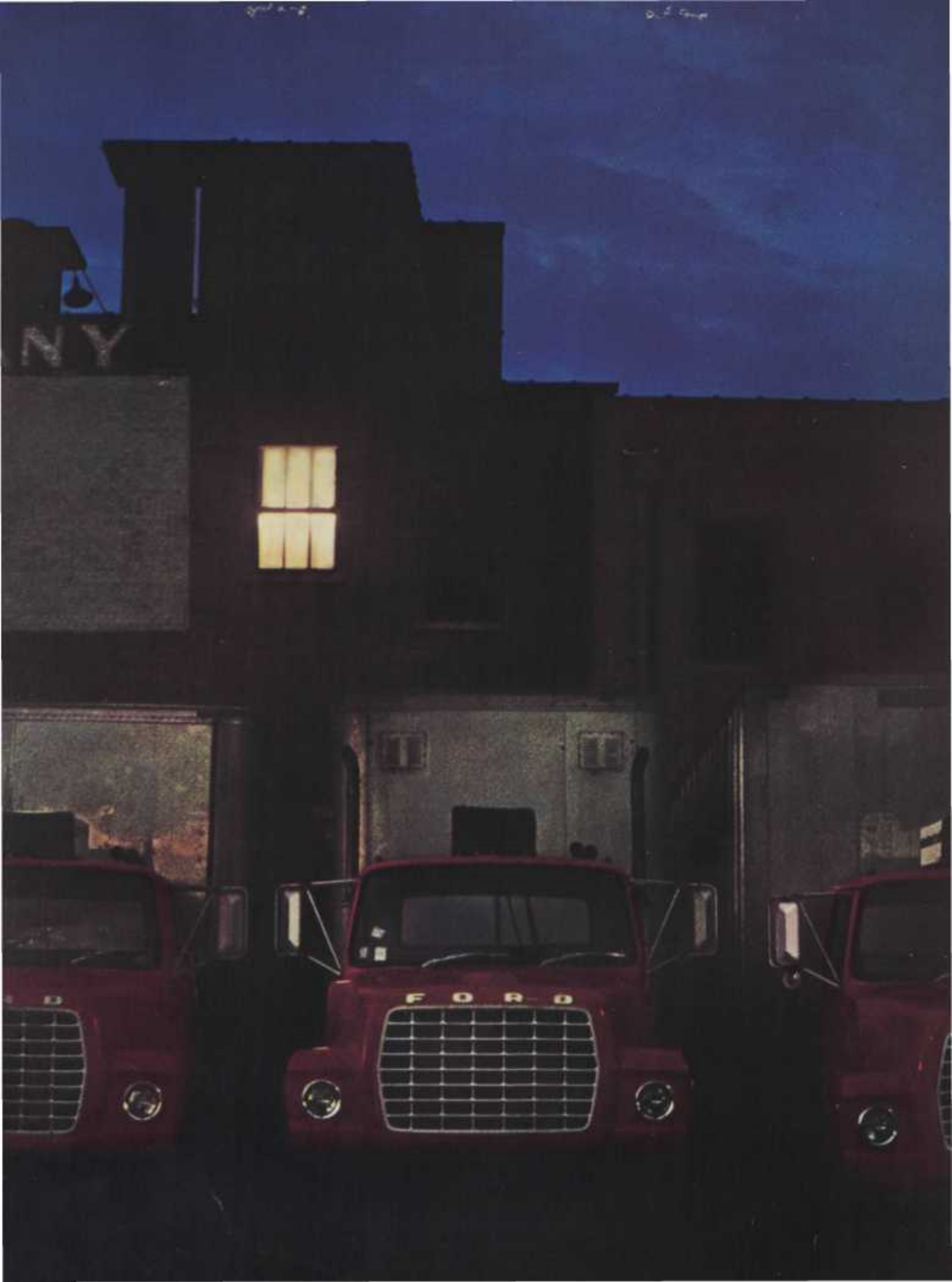
MAY 1974

# Nation's Business

**BUSINESS  
FACES THE  
FIGHT OF  
ITS LIFE**

BY SENATOR  
BARRY GOLDWATER







# When you own trucks, they own you.

Worrying about things like fuel, maintenance, licensing, spare parts inventory, fuel taxes and replacement trucks can keep your management people working on truck problems many hours after your *real* business has stopped working.

The excess time and paperwork required to run this whole other business can divert substantial effort away from the business your company is *really* in.

A Hertz full service truck lease plan could solve many of these problems. And may very well save you money doing it.

We'd even pay you to take over these problems by purchasing your current fleet at a fair price, reconditioning it or replacing it with a brand new fleet. Either way...your capital will be back in your business and out of your trucks.

So, do as many other companies are doing. Concentrate on your *real* business and leave the trucks to Hertz.

*Hertz leases Fords and other sturdy trucks. For further information on Hertz big truck leasing, write Edward H. Blickstein, Vice President, Sales, Hertz Trucks, 660 Madison Avenue, New York, N.Y. 10021.*

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***Hertz is big  
in big Trucks***

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*my art*

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## memo from the editor

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For a good many years now, you have read in our May issue about the new president of the Chamber of Commerce of the United States for the year that followed.

Each has been a dedicated businessman, willing to sacrifice a great deal of his time as the voluntary head of this voluntary federation that represents American business. This year you will find (see page 42) a stimulating and informative interview with the Chamber's new principal elective officer, Charles H. Smith Jr., chairman of SIFCO Industries, Inc., in Cleveland, Ohio. Mr. Smith has the title of Chairman of the Board of the National Chamber.

• • •

We also have a new president. He is Arch N. Booth, our chief operating officer (see photo opposite). It is a particular pleasure for me to tell you a little more about him since I have known him for 14 of the 24 years he has headed the Chamber's staff.

Interestingly, he becomes the National Chamber President almost on the hour of the 45th anniversary of his first starting to work at a chamber of commerce.

When young Arch Booth was in college—in his home town of Wichita, Kans.—he had scarcely heard of chambers of commerce, he admits. An economics and business administration major, he was president of the student body when the city fathers in Wichita decided to try to make the school, Fairmount College, a municipal university.

The Wichita Chamber of Commerce supported the move and asked the college for a student leader who could help sell the idea to the public.

Arch was tapped for the job and in the process learned that chamber work was where his training might fit. In-

cidentally, the college became Wichita State University.

Along with his other activities at the university, Mr. Booth was a student instructor in public speaking. Among his students was a pretty, little, dark-haired girl named Wilma Harrison. Romance bloomed, and as Mrs. Booth she has "been teaching me the rest of her life," he comments.

One son, Robert, is executive vice president of the Durham, N.C., Chamber of Commerce. The other, Donald, is vice president-government relations, Greater Detroit Chamber of Commerce. Daughter Joan is married to Jack Kelly, who is executive vice president of the California Candy and Tobacco Dealers Association and who also represents other clients in Sacramento. There are seven grandchildren.

• • •

As graduation approached, young Arch applied for admission to the Harvard Graduate School of Business Administration, even sending a deposit. But times were hard, and his father was ill. So Arch stayed home and went to work.

His first job was in a Wichita bank, but a couple of years later the Wichita Chamber of Commerce needed a new man and once again asked the college for a candidate. When Mr. Booth was suggested, he was hired by H.M. Van Auker, who headed the Chamber then. "I am glad," Mr. Booth says now. "I couldn't have found a career in which I would have been happier."

When the National Chamber needed new talent in 1943, it persuaded the Wichita general manager to come to Washington, D.C., as assistant general manager of the Chamber of Commerce of the United States. In 1947, Mr. Booth became manager and in







PHOTOS: YOKO/DEAROTO



*The National Chamber's new President, Arch N. Booth, has three key roles: He is a spokesman for business (upper left: a television appearance); he is an administrator (above) and he reports to the Chamber's Board (left: the room where it meets) about ongoing activities. For almost a quarter-century, he has been the organization's chief staff officer.*



## Memo From the Editor *continued*

1950, executive vice president and publisher of *Nation's Business*.

"The National Chamber is an absolutely fascinating challenge," Mr. Booth says. "Trying to make the American system work better is very satisfying."

His job, as he describes it, is orchestrating all the different facets of the Chamber—local and state chambers, trade and professional associations, business members, the board of directors and the staff. He considers his biggest achievement to be the development of a staff equal to the job. This, he explains, requires finding and nourishing talent, keeping the organization open to self-criticism, maintaining fluidity of internal structure to make the best use of everyone's talents and having good internal communications.

If you were to pick the one field in which Mr. Booth is most expert, it would be communications. From his earliest days as Chamber staff leader right up to the present, he has been the prime motivator in getting businessmen involved in the national issues of the day.

When World War II ended, the National Chamber led a massive readjustment program. When business saw the need to teach young people more about our system, the Chamber came up with group discussions called "College-Business Symposiums." When business became more concerned with socioeconomic problems, the Chamber offered a wide array of practical approaches that could be followed by any community. All these were developed under Mr. Booth's direction.

A unique venture called the "Aircade" was his own brainchild. In 1957 and in each of the next 10 years, a team of Chamber specialists and business spokesmen toured cities all over the country by air, meeting with overflow audiences to explain and discuss national issues. "It had never been done. I remember that some of the staff tried to talk me out of it," Mr. Booth says.

The key to his leadership of the Chamber in so many years of changing conditions is Mr. Booth's ability to look ahead at emerging trends and possible problems of national concern. He insists that the staff attempt to identify long-range developments and seek practical solutions.

Most recently, he has been particularly concerned with the need to interpret the business system to the public as a whole. That applies especially to the pub-

lic's concept of profit, which reflects a great deal of misunderstanding.

Although the Chamber has a full-scale campaign to interpret business, Mr. Booth also sees this interpretation as a responsibility of, and opportunity for, businessmen themselves—individually and through voluntary organizations.

In 1970, the Board broadened Mr. Booth's role. His principal responsibility since then has been to act as the full-time spokesman for American business, in much the same fashion as George Meany does for the unions.

You are probably most familiar with him in that role. The Chamber's mass communications program is now highly successful. You read of Mr. Booth's speeches in your newspapers and magazines, and hear about them on radio and television. His newspaper column, "The Voice of Business," is published by more than 500 papers with over nine million readers. He bylines a column for Chamber member organizations to use in their publications. The Chamber produces films, radio and television programs and tapes featuring Mr. Booth, and the commercial news and talk shows seek him out.

Looking to the future, the new president feels the Chamber does not necessarily need bigger goals. The challenge is to select priorities, develop processes, and refine the ways businessmen can contribute to making our system work better.

"America is today one of the greatest underdeveloped countries of the world," Mr. Booth says. "It has great potentials which are not yet developed. Our country must see itself as something that can be greater. What we are reaching for is greater than what we have already grasped."

He says the National Chamber is facing a whole new world of new challenges, particularly in the international field. In recognition of this, he has gone on missions in the past two years to American Chambers of Commerce Abroad in Europe and the Pacific.

This year he plans a "Mission to America." He will visit at least a dozen cities to develop better communications with local and state chambers of commerce, trade and professional associations, governmental and business leaders. Discussions will center on finding businesslike solutions to national problems.

He will be a busy president of the National Chamber.

*Jack Woodbridge*



# Do you have these common hang-ups with your telephone?



• You spend half your day calling Harry-down-the-Hall and your phone gives you nothing but busy signals.

• You give up on your phone, go to Harry's office, and miss an important call from Charlie—who's-your-Customer.

• You call Charlie back only to find he needs information from Stanley-up-in-Shipping.

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## executive trends

BY JOHN COSTELLO  
Associate Editor

### Blow your horn in 15 languages

That's what Voice of America will do for you.

Provided you have interesting new products for sale abroad.

VOA plugs such products in weekly business news broadcasts in English and 14 other languages. It's a new service that's catching on with VOA's overseas listeners.

An untapped demand has turned up for lots of products made in the U.S.A.

For example, cordless soldering irons and self-priming pumps.

Both were mentioned in recent VOA broadcasts abroad. Scads of listeners wrote in to ask where to get them.

Other items which sparked listeners' interest—judging by their letters—include:

- A remote telephone dialing system, ideal for invalids or the bedridden.
- An air machine that puts plastic caps on bottles.
- A vibration-free mount for still and TV cameras.

"We'd like more companies to tell us about their new products," says Ray Kabaker, deputy chief, Current Affairs Division, Voice of America, Washington, D.C. 20547.

"What we need is a full, but brief description, price in U.S. dollars, assurance that it's available for export—plus the firm's name, address and telephone number."

Britain's government radio has had a similar program for years, Mr. Kabaker says.

"New Products, U.S.A.," he adds, "is a chance for us to show another facet of America—the imagination and acumen of its businessmen."

"And promote exports, too."

### How not to hire an executive

Bill Smith looked like just the man for the job.

Sure, it was a big one—\$60,000 a

year. The title: Vice president for engineering and R&D.

But Bill was a whiz, with a great track record. If performance meant anything, he could handle it.

Then why did he turn it down?

"I was interviewed twice," he says, "by the chief financial officer. The first time, we talked 35 minutes, and the second, 40."

"Why, I spend more time with a college graduate, interviewing for a minor position, than he spent with me."

Bill decided to stay with his firm. He felt it had a higher regard for human values.

"Interviews tell a man a lot about the company that wants to hire him," says Paul R. Ray, president, Paul R. Ray & Co., a New York executive search firm. Here are some practices to avoid:

1. The quickie—like Bill Smith got. It makes the company look cold—or careless.
2. The marathon—a series of interviews that stretch out over four or five days. Few executives have that much time to spare.
3. The third-degree—a group interview where a gang of executives fire questions. Many are meant not to be answered, but to make the asker look good.
4. The no-show—when management postpones an interview, time after time. The executive starts to wonder if the company really wants to hire him.

### A way to cancel out inflation?

Fed up with stocks and bonds?

Get burned in a real estate investment trust?

Wait too long to make a killing in gold?

Well, maybe you can still lick inflation with postage stamps.

That's right—U.S. postage stamps. In the past decade, they've risen in value nearly 13 per cent a year for collectors. So says New York's Scott



# Self-employed?

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## Executive Trends *continued*

Publishing Co., which keeps track of  
U.S. stamp values.

It publishes a well-known price list:  
Scott's "Specialized Catalogue of  
United States Stamps." One look at  
the latest edition tells how prices  
have zoomed. For example:

- An 1847 10-cent U.S. stamp was  
worth \$500 in 1965. Now it's worth  
\$2,750.
- A five-cent stamp, vintage 1861,  
went for \$40 in 1965. Now it's valued  
at \$120.
- A \$5 Presidential issued in 1938  
was worth \$11 in 1965. Now: \$50.

Prices quoted are for stamps in  
"fine" condition. "Very fine" speci-  
mens usually come higher.

Scott's took 30 representative U.S.  
stamps. In 1965, their average price  
was \$48.10. Today, it's \$128.34.

"Stamps have done better than  
Wall Street," says Jack R. Taub, a  
Scott Publishing Co. division presi-  
dent. "The New York Stock Ex-  
change's Composite Index was 51.50  
in 1969. At the end of last year, it was  
51.75.

"By contrast, our index of repre-  
sentative U.S. stamps rose nearly 200  
per cent in the same span of time."

Some do even better.

"The Postal Service issued in 1973  
a set of four Boston Tea Party stamps  
with a face value of 32 cents," says  
Mr. Taub. "With a plate block num-  
ber, the set's now worth \$1 to a  
dealer. You'd pay \$1.35 to buy it."

And some stamps, of course, do  
worse.

But with stamps, Mr. Taub says, at  
least you can always mail a letter.

### Making sure your job test is legal

It's not impossible, says one ex-  
pert. Just maddening.

First, hire all qualified applicants  
for jobs in a certain category.

Then, test 'em.

Keep the scores away from the  
supervisors of the new employees,  
until the newcomers make it or get  
canned.

Now, make a chart. Put on it the  
test scores of all—those who suc-  
ceeded and those who flopped. Draw  
a line across it that puts enough of  
the successful group above to fill the  
vacancies.

The line's the passing score for  
that particular job slot.

This helpful hint on how to stay  
out of trouble with the Equal Em-  
ployment Opportunity Commission  
comes from Howard G. Martin, P.O.  
Box 1012, San Diego, Calif., 92112.  
He is publisher of a free pamphlet:  
"How to Validate Employment Tests."

Of course, if you get fed up with  
hiring, firing and compiling statistics,  
Mr. Martin has a shortcut.

Try his Skill-Tests. They've already  
been validated for "a wide variety of  
clerical jobs and tasks," he says.

### Selling to Uncle Sam

He has a lot of dough to throw  
around—as if you didn't know.

This year, he'll buy about \$80 bil-  
lion worth of stuff—from pencils and  
toilet tissue to tanks and submarines.

But a lot of businessmen overlook  
this big-time spender.

"Partly because there's no one  
central market," says Charles C.  
Hartman Jr., president, Hartman Re-  
search Services, 1627 K St. N.W.,  
Washington, D.C., and author of  
"Selling to the Federal Government  
1974."

This expensive (\$95) 270-page  
looseleaf book is a guide to the many  
federal agencies that do buy. It also  
explains, step by step, how to get  
your products on their shopping lists.

"The Federal Supply Service  
alone," Mr. Hartman points out,  
"buys over 700,000 items. Fifty thou-  
sand of them are stock items, listed  
in FSS' catalog."

In some cases, you can also sell  
to big Defense Department suppliers.  
A government program requires that  
part of the work on many defense  
contracts for \$500,000 and up be  
farmed out to subcontractors.

This book lists prime contractors  
who take part in that program. It  
gives, also, the names and addresses  
of company liaison officers responsi-  
ble for compliance.

Usually, author Hartman says, Un-  
cle Sam pays promptly.

But, he warns, there's one danger.  
Don't get too dependent on him.  
Like drinking, that can be habit-  
forming—and give you an awful  
headache.



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## Energy Office Launches Fuel Use Quizzes

The Federal Energy Office has pulled together \$723,133 to fund a series of short-term studies of the impact of the energy shortage on the industrial sector. It expects to obtain information that will help it lay plans for next fall and winter, if fuel allocations are considered necessary again.

Businesses in the following 13 industry groupings can expect to hear from consulting firms seeking information on their operations:

Food and allied products; logging, lumber, paper and allied products; industrial chemicals; plastics, synthetic rubber and plastic products; petroleum refining; hydraulic cement; concrete and gypsum; basic iron and steel; nonferrous metals; motor vehicles; contract construction; coal mining; and ground freight transportation.

The first try at such an investigation—of the shortage's impact on the leisure industry—was completed recently, and FEO found it valuable. The 13 industry groups now under study use 75 per cent of the energy consumed in manufacturing, 100 per cent of that consumed in construction and 50 per cent of that used in mining.

According to FEO, the studies will focus on:

- What fuels are used in what processes.
- Variations in fuel use.
- Current fuel and petroleum product supply and inventory situations.
- Possibilities for substitution and/or conservation of fuels and petroleum products and associated savings.
- Current constraints on industry operations related directly or indirectly to the energy shortage.

Since FEO doesn't have the actual authority to award the information-gathering contracts to consulting firms, that phase is handled by the Interior Department.

Apparently, each consulting firm will use its own method of analysis. FEO hasn't concocted any special forms for use by the study groups,

and conglomerates involved in more than one of the industrial sectors could well be hit from various directions with requests for varying amounts of information. •

### Fluids May Release Gas in the Rockies

There's natural gas in the Rocky Mountains, but—as wildcatters, major exploration firms and federal agencies have learned over the years—it's sometimes hard to extract.

The tight, impermeable rock formations have resisted many efforts. A recent experiment with releasing gas by nuclear explosion in western Colorado was successful, but created a public outcry. Now, the Atomic Energy Commission and the Interior Department are going to try something different—hydraulic fracturing.

Basically, this involves using high-pressure fluids—instead of a nuclear charge—to create cracks running out from a well bore. The cracks allow gas to flow to an outlet well.

In a joint operation to which the federal government will contribute \$1 million, or a third, of the costs and industry the remainder, CER Geonuclear Corp., of Las Vegas, will organize and conduct a fracturing experiment adjacent to the nuclear site and thus get a direct comparison between the two technologies. •

### Will New Plug Stop Auto Pollution?

Could a different type of spark plug be the answer to the automobile pollution problem?

Prof. E.L. Resler Jr., director of Cornell University's Sibley School of Mechanical and Aerospace Engineering, thinks so.

A new plug developed at his school is bringing the answer closer, he says. The Cornell plug installs in any conventional internal combustion engine. Through what is claimed as more efficient burning of the air-fuel mixture

that is fed into the engine, it reduces nitrogen oxide emissions to levels that pass tough Environmental Protection Agency tests.

To eliminate other pollutants, Prof. Resler and graduate students have run the exhaust through an afterburner, again meeting EPA standards. No catalysts are needed, as they will be in emission control systems currently planned by auto manufacturers.

The Cornell plug, Prof. Resler says, does essentially the same thing that the stratified charge engine designed by the makers of Japan's Honda cars does to reduce NOx. In fact, he says, tests show it improves the stratified charge engine's performance.

"You don't have to fine-tune each engine of this type if you use the Cornell plug," Prof. Resler says.

Generally, the approach to auto pollution control is to scrub down gases as they are discharged. At Cornell, the thrust is to tackle the problem inside the cylinder. •

### Ill Winds Can Blow Good for a Building

Airplanes aren't the only things designed in wind tunnels these days, and that may save a lot of glass.

Calspan Corp., for example, is using a 119-foot-long wind tunnel in Buffalo, N.Y., to determine the effects of wind on a 512-foot-high office tower being designed for downtown Seattle by architect clients.

To make the tests, Calspan has built a 16-inch miniature of the building, and placed it on a model of an area about one half mile in diameter around the construction site. The entire affair is mounted on a turntable so it can be subjected to wind from varying directions.

More than 20,000 measurements of pressure on the tower will be taken. Winds up to 60 miles an hour will buffet the model and Calspan re-

*continued on page 62B*



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## Should Terrorists Ever Be Paid Off?

Many large U.S. companies have a new insurance expense these days. To policies underwriting their risks from fire, accident, flood and so forth they have, on the Q.T., added another grim category: kidnaping.

Political terrorists and just plain crooks (some of whom have claimed political motives) have gone on a rampage of abduction for ransom. They have had a variety of victims—including diplomats, people who just happened to be on hijacked planes, and, increasingly, business executives.

Their price can be high. Last June, a leftist outfit calling itself the People's Revolutionary Army kidnaped John R. Thompson, head of Firestone Tire & Rubber Co.'s operations in Argentina, and demanded \$3 million. Huge piles of currency were turned over to the terrorists, who drove off in an armored car they had thoughtfully brought to the delivery point. Mr. Thompson was freed.

Last December, the same terrorist group abducted Victor Samuelson, manager of an Exxon refinery. The company paid \$14.2 million ransom in March—it had offered \$7 million but agreed to the higher figure when the terrorists announced they planned to kill Mr. Samuelson, wrapping his body in an American flag, unless their demands were met. At this writing, he still has not been freed.

There have been similar kidnappings in other countries, eventually including—as everyone who has followed the bizarre Patricia Hearst case is aware—the United States.

How do you handle kidnapers' demands? Give in, possibly after trying to whittle the demands down? Or refuse even to negotiate?

It's the U.S. government's policy not to pay kidnapers even if this means risking lives of abducted American officials. However, other nations see it differently. When our

government refused to pay Haitian terrorists who had abducted U.S. Ambassador Clinton Knox, Haiti's government put up the money.

On one hand, it's argued that human life is worth more than money possibly can be, and that therefore you have to play ball with kidnapers—and, hopefully, catch them later. "A hard line is fine," says an advocate of this viewpoint, "as long as it's somebody else's executive, or relative, who's been kidnaped."

On the other hand, it's argued that if you pay kidnapers, even after persuading them to lower their demands, you encourage more such crimes. Therefore, it's contended, you have to refuse to make deals with them, taking the chance that they won't kill their victims. "Otherwise," says a partisan of this view, "where will it all end?"

Should terrorists ever be paid off? What do you think?

Jack Wooldridge, Editor  
Nation's Business  
1615 H Street N.W.  
Washington, D.C. 20006

Should terrorists ever be paid off?

☐ Yes ☐ No

Comments:.....  
.....  
.....  
.....  
.....  
.....

Name and title.....

(PLEASE PRINT)

Company.....

City.....



## Safety Isn't Always First for the Motorist

Forcing motorists to use safety belts is an infringement on a citizen's rights and, furthermore, it isn't necessary to legislate the protection of people against their own carelessness or stupidity.

This, generally, is how readers respond to the March "Sound Off to the Editor" question: "Should motorists be forced to use safety belts?"

Opponents outnumber proponents of mandatory belt use by a whopping seven to one.

"Seat belts are desirable," says James W. Laughlin, analyst, the Du Pont Co., Wilmington, Del. "However, the devices necessary for enforced use are expensive and one should not be forced to pay for what he does not need or want. That is an infringement of his right to free choice."

Says Howard Blakeslee, associate actuary, New York Life Insurance Co., New York City: "I feel that [mandatory use] represents an un-

forceable, governmental restriction on personal freedom."

For the most part, those who favor mandatory use of safety belts claim the lives they save far outweigh the sacrifice of individual freedoms.

"In view of the overwhelming statistical evidence in favor of belts, the excuses for not using them seem irrational," writes Andrew R. Graham, pension trust administrator, Sybron Corp., Rochester, N.Y. "Trying to raise legal and philosophic arguments in terms, say, of our Constitution, appears absurd next to the sea of existing regulations which protect us from ourselves in nearly every imaginable activity. Anyway, how would a child make such a decision?"

"If I killed a person in an accident, I'd never get over it," says Robert Hall, director of administration, United Aircraft Products, Dayton, Ohio. "Hence, I need all the protection he and I can muster together to prevent death."

Dr. Frank T. Mansure, medical director, Provident Mutual Life Insurance Co., Philadelphia, Pa., states: "I believe the government has a legitimate interest in requiring safety belt use, since many of those who are injured either use public money for their medical care or else contribute to the increasing cost of health insurance."

But J.G. Gottstine, manager, engineering and production technology, Union Carbide Corp., Linde division, Chickasaw, Ala., counters: "I am convinced that safety cannot effectively be legislated on an individual basis. However, we could create economic incentives which would go a long way in encouraging people to wear safety belts. Example: Rendering insurance claims by the recipient of a bodily injury null and void, if he was not wearing a safety belt at the time of the accident."

"All safety equipment should be optional—including helmets for mo-

torcyclists," asserts Jay Spaulding, executive vice president, American Research Merchandising Institute, Chicago, Ill. "If there is a natural market for safety equipment it, of course, should be available to whoever wishes to pay the price. What should be mandatory, however, is that when such equipment is not bypassable, insurance rates should be preferential."

"I recommend the liability laws be modified so that if it can be shown that a person was not wearing a seat

---

***"If I killed a person . . . I'd never get over it. Hence, I need all the protection he and I can muster. . . ."***

---

belt at the time of an accident, he loses his right to sue and also his right to no-fault benefits," writes Bernard Willa, assistant actuary, Metropolitan Life Insurance Co., New York City. "This would provide strong incentives for use of seat belts without a mandatory requirement."

And L.H. Carlson, comptroller, The Hanna Mining Co., Cleveland, Ohio, asserts: "If failure to wear safety belts jeopardized the rights and/or safety of others, then I would feel motorists should be required to wear them. I doubt that this is true. In fact, I think they may actually create accidents that would not have otherwise occurred."

However, Michael H. Rohrbach, vice president, First Insurance Co. of Hawaii, Ltd., Honolulu, votes Yes. Drivers, he says, "will put up with the aggravation and extra time it takes to hook up the belts, and go along with a fine for unbuckled motorists, if they understand that these actions prevent deaths. If only one human life can be saved, it will be worth it."

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***"... An overzealous, and ultimately unenforceable, government restriction on personal freedom."***

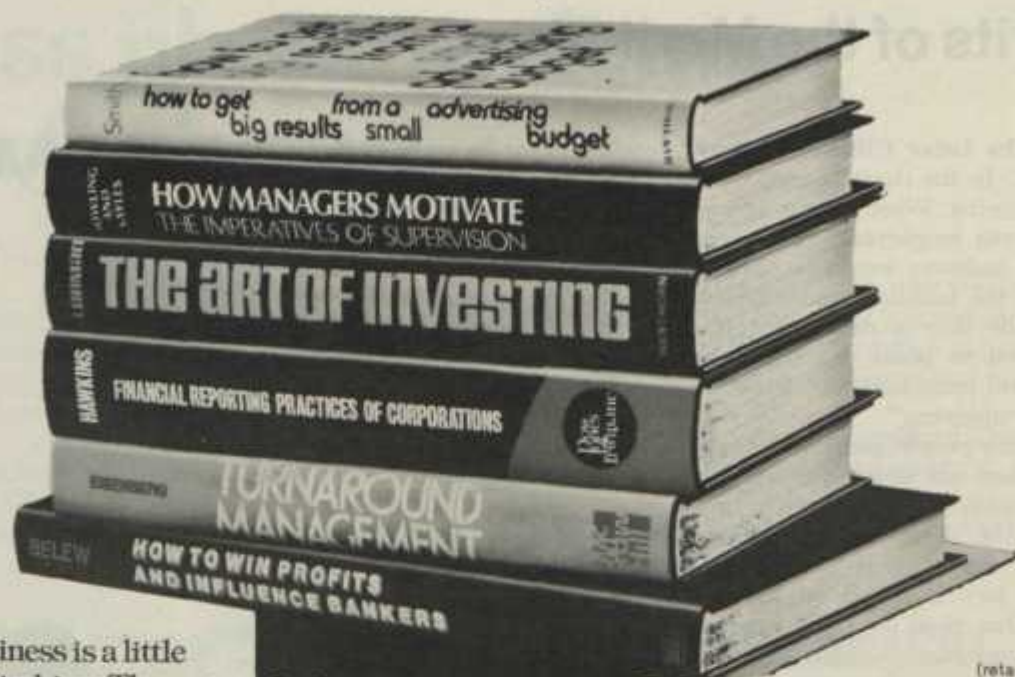
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necessary infringement on the individual right of self-determination. Coincidentally, it is also an infringement on the natural law of the 'survival of the fittest'."

An attempt to require belt use already is under way—new cars won't start unless front-seat belts are buckled (the system can be bypassed, but only with difficulty). This, says W.B. McGorum Jr., director of organization development, The B.F. Goodrich Co., Akron, Ohio, "is itself a potential safety hazard as well as another persistent aggravation to an already frustrated public." Enforced use of belts, he says, "constitutes an overzealous, and ultimately unen-



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## Merits of the Merit Shop

• Re "The Labor Climate: Stormy" [March]. In the chart headed "Who Is Bargaining When," you showed when "most employers" in the construction industry would be bargaining with the building trades unions. It may be only a detail, but it is meaningful to point out that what you should have said was "most unionized employers."

Too many people, particularly business leaders, are unfamiliar with the large number of construction firms now in the market that are open shop, or merit shop [in which a worker's pay is based on his own skills rather than on a job category scale]. Associated Builders and Contractors, Inc., . . . represents approximately 7,000 such firms. Please be advised that not only are we—meaning merit shop firms—a sizable part of the construction industry, but we will become even larger as business leaders become aware of the high-quality, yet economical, work we can handle.

STEVEN M. SASS

Director of Development and Organization  
Glen Construction Co., Inc.  
Rockville, Md.

### Taxing experiences

• So Internal Revenue Commissioner Donald C. Alexander ["The Drive to Make Taxpaying Easier," February] would like to make taxpaying easier? Ha!

Mr. Alexander seems to be like most government bureau heads—he says what the public wants to hear.

NATION'S BUSINESS should now do a follow-up article and interview some of those people Mr. Alexander wants to help.

Item: A young man was discharged from the armed services and returned home with his wife—who had earned less than \$300 the previous year—and child. Their combined pay for 1972 was the fantastic sum of \$5,500. They filed their tax return on a 1040A short form. They were called in for an audit. Both lost a day's pay to go in for it. This is helping?

Item: A single woman works as a switchboard operator and made the incredible sum of \$6,100 in 1972. She also filed on the short form and was

called in for an audit, and also lost a day's pay. This is helping?

Maybe if IRS wanted to really help, an allowance would be given for the pay such people lose while going in for an audit. But I'm sure IRS would not want to do that because that would be the right thing to do.

I have personal knowledge of these cases. You might say they are isolated instances but similar things are probably happening in other areas.

LESLIE B. WOOD

Hollywood, Fla.

### Another line on gasoline

• I must reply to James B. Harris, who wrote ["Letters," February] that free market forces should be permitted to set prices.

He says gasoline should be allowed to rise to \$1.50 a gallon, if necessary, to bring supply and demand into balance.

I believe price controls are necessary, especially on gasoline. Maybe Mr. Harris can afford \$1.50 a gallon, but I can't and neither can the vast majority of Americans. I earn about \$120 per week and use about \$10 of it for gasoline at 50 cents a gallon. I don't do much unnecessary driving, and I have to drive to work.

If gasoline goes up to \$1.50 a gallon, then I'll have to pay about \$30 a week for it. Mr. Harris may be willing to pay \$1.50 a gallon for gas, but is he willing to pay 25 per cent of his weekly income? ROBERT CRAM

Elmhurst, Ill.

### A nonwrite-in campaign

• Re your editorial headlined "Ouch!" [February]. Don't tell your astute readers to write to their Senators and Congressmen relative to keeping federal spending under control. It won't do any good.

Once those guys get to Washington and get Potomac fever, they develop a virus called reelectionitis, which makes reelection their only goal. The more letters we write the more we prompt them to increase their staffs and beef up their own salaries because of the work load.

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by James J. Kilpatrick

## The Flow of Power

A reporter who spends his life covering government, at any level from the courthouse to the White House, eventually discovers this truth: The name of the game is power. Political struggles and legislative battles may well involve high-minded notions of the public good, but even in the noblest experiments, the issues finally are resolved in terms of power—how power is won, or lost, or regained, or held, or exercised or restrained.

On the afternoon of Friday, March 22, when the Senate voted 80-0 in favor of the "Congressional Budget Act," a significant moment was reached in our 20th Century chronicle of power. It is altogether possible that when the Senate bill is reconciled with a similar House bill, a major change will occur in the channels of power within the federal government. The Executive branch will have lost some of its power to the Legislative branch. In theory, at least, we will have moved somewhat closer to the concepts of the Founding Fathers. George Mason and Patrick Henry, one supposes, would be pleased.

These questions of power—and especially of the restraints upon power—were at the very heart of the debates surrounding the writing and the ratification of the Constitution. By 1787, it was clear that the Articles of Confederation were fatally defective. Though the Articles granted some powers to the Congress, and prohibited other powers to the states, the structure created little more than a "firm league of friendship" among

the states. The power to tax was so loosely established that the central government became a poor hostage to states with minds of their own.

The new Constitution was intended to remedy these defects. The framers who met at Philadelphia had two purposes. The first was to achieve a new distribution of powers, by which vastly more authority would be lodged in the central government. The second was to make certain that these newly delegated powers could be restrained. Out of their debates, of course, emerged the concept of the three coequal branches, each providing a check upon the others. The Tenth Amendment, so it was thought when it was adopted two years after the Constitution's ratification, provided an additional safeguard against abuse in the continuing concept of federalism: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

These were strokes of political genius. The Constitution reflected a great hope—the hope that power would be exercised wisely. It also reflected an abiding suspicion—the suspicion that power would be exercised badly. The suspicion was greater than the hope. "Free government is founded in jealousy and not in confidence," wrote Thomas Jefferson in the First Kentucky Resolution.

"In questions of power, let no more be heard of confidence in man, but bind him down from mischief

by the chains of the Constitution!"

For the first 100 years or so, the system worked remarkably well. Presidents occasionally exceeded their authority; Congress now and then abused its power and had to be checked by the Supreme Court; and the Court, for its part, from time to time usurped the legislative and amendatory powers. A rough balance prevailed among the branches of the central government; the states functioned (or declined to function) in the spirit of federalism; and strong private institutions, notably the church and the major political parties, contributed a balance of their own.

In 1913, with ratification of the Sixteenth Amendment, authorizing a federal income tax, the central government's powers were dramatically expanded. Two months later, the Seventeenth Amendment, guaranteeing the popular election of Senators, weakened the powers of the state legislatures. By 1920, a once-agrarian society had become predominantly urban. With the election of Franklin Delano Roosevelt in 1932, profound changes tumbled upon one another, and these were mainly changes in power—shifts of power from the states to the federal government, and from the Congress to the President within the federal government. The process continued, swiftly accelerating, in the years after World War II.

The business community scarcely needs to be reminded of what has happened in the period as a whole—



## The Flow of Power *continued*

Social Security, minimum wages, equal employment opportunities, occupational safety legislation, environmental controls, consumer protection legislation—the list is endless. New executive agencies have sprouted like dandelions; they have spread like chickweed. The Constitution intended that “all” legislative powers should be vested in the Congress, but the rule-making authority of the executive agencies has gravely impaired that provision.

A hundred other factors also contributed to the Senate's recent vote on the Congressional Budget Act. In theory, Congress is supposed to control the power of the purse. In practice, that power has been exercised by successive Presidents through the budget-making process. The key committees of House and Senate have seldom acted; they have reacted. They receive a President's recommendations every January, but the recommendations amount to a *fait accompli*. In the \$304 billion budget now pending for fiscal '75, at least three fourths of the spending is uncontrollable and untouchable.

There was a time when liberals applauded this situation. The Rooseveltian Brain Trust of New Deal days developed the doctrine of “the strong President.” Intellectuals of the New Frontier made the doctrine an article of faith. Arthur Schlesinger Jr., one of the principal architects of this structure, recently reexamined what he and others had wrought. He termed it the “imperial” Presidency.

Sen. George McGovern spoke to the altered relationship in an address at Oxford University in January, 1973. The Presidency, he said, was becoming “an elective dictatorship.” Liberty, he said, “is the real loser when so much authority is vested in a single office.” Two months earlier Sen. McGovern had lost in a landslide to Richard Nixon, but at Oxford he was speaking not as a defeated candidate but as a onetime professor of political science and a practicing liberal: “Now is the time for a determined effort to change, not the person in

the White House, but the power of the Presidency. American liberals must reverse the 40-year trend toward a stronger President and return to the 200-year-old tradition of shared power.”

That is precisely what the Congressional Budget Act is intended to promote. The product of months of labor by both the House and Senate, this major reform would increase the capability of Congress to act independently and intelligently upon the budget. Under this Act, Congress would have its own Office of the Budget. New committees would provide an overview of revenues and expenditures. By changing the fiscal year, so that it would begin in October instead of July, the Congress would gain needed time to act efficiently upon new programs and continuing appropriations.

This correspondent has been covering government for too many years to wax lyrical about any reform. The Senate bill is not as strong as many of us on the conservative side had hoped for. A key “trigger” provision, which would have enforced a ceiling upon appropriations, was abandoned in committee and killed 57-23 on the floor. Virginia's Sen. Harry F. Byrd Jr. got nowhere in an effort to compel submission of annually balanced budgets. A final version of this legislation, combining House and Senate provisions, is not likely to impose any effective restraint upon “backdoor” spending. The jealousy of powerful committee chairmen may yet undermine the authority of the new budget committees.

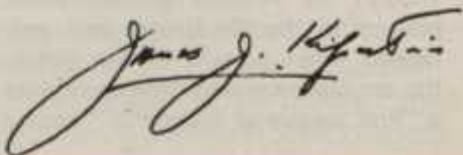
When all these reservations have been expressed, a hopeful view should be expressed. It is manifestly impossible for a Congress of 535 members to exercise day-by-day supervision of the sprawling federal government. Given our complex and highly urbanized society, it is perhaps inevitable that a vast bureaucracy should have come into being. Even with Mr. Nixon's “New Federalism,” by which greater decision-making power would be restored to

states and localities, there is no way in which the federal government can be greatly reduced. On the contrary, the prospect—a dismaying prospect in my view—is that such new programs as national health insurance and no-fault auto insurance will further expand the federal power.

But it is possible to whittle down the awesome authority exercised in recent years by the President of the United States. No thinking person wants a weak office. The object should not be to cripple future Presidents, or to make them incapable of executing the laws. The object should be simply to get us back toward the point of beginning—toward the inspired concept of co-equal branches in a structure based upon federalism.

If the Congressional Budget Act is viewed in that spirit, and if the Act can be strengthened after an experimental period, we will move in that direction. Presidents, as always, will propose, but for the first time in recent memory, Congress will in fact dispose. Using his veto power, a President can strive to restrain Congressional impulse. Using the power to override, the House and Senate can squelch monarchical notions.

Sen. Sam J. Ervin, of North Carolina, a leader of the troops on the Senate side, is not a man ordinarily given to understatement. But when he described the bill in floor debate as “the most important legislation that Congress will consider this year,” he was yielding too much to his innate conservatism. If the Congressional Budget Act succeeds in reversing a flow of power that has surged toward the White House for 40 years, it could prove to be the most important legislation—in terms of political power—since the Budget and Accounting Act of 1921. And power, as I remarked some 1,500 words ago, remains the name of the game.





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## TRADESMAN VAN

There are eight versatile vans to choose from, including the Maxivan—the largest compact van built in America. You also have a choice of engines (from the 225 Slant Six up to a 360 V8), a choice of side doors (swing-out or sliding), a choice of wheelbases (109" or 127"), and a whole slew of other great features.

## LIGHT-DUTY KARY VAN

The perfect van for the small businessman. It has a 10- or a 12-foot body, so there's plenty of cargo space. For easy loading, the Kary Van comes with standard 38-inch-wide swing-out doors. (For bigger jobs, you can opt for 70-inch swing-out or roll-up doors.) And it has the kind of handling you need for getting in and out of narrow loading areas. Whatever your business, the light-duty CB 300 Kary Van is more than van enough for the job.



## MEDIUM-DUTY "ROAD-READY" KARY VAN

"Road-ready" means it's ready to go. The Kary Van comes complete with the van body (You have six different body lengths to choose from.) and great standard features such as Electronic Ignition. Heading the list of options is a new low-priced four-speed automatic transmission. And for '74, we've given our medium-duty Kary Van a shorter turning diameter for greater maneuverability, a bigger, roomier cab for extra comfort, and a larger windshield for increased visibility.



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Punch file*



# Little-Known "Brokers" Behind Presidential Programs

The work of these young men can have a big impact on yours

Every workday at 7:30 a.m., a dozen young men assemble under the gaze of Theodore Roosevelt, who looks down on them from a portrait above a fireplace.

In another setting, they could be junior executives and management trainees.

But these men, in the Roosevelt Room of the White House, just across a hall from the Presidential Oval Office, are the professional staff of the Domestic Council, whose mission is to "formulate and coordinate domestic policy recommendations to the President." The morning session marks the start of a long and complex day for them.

Businessmen are, of course, well aware that practically all major legislation flowing from the White House to Congress has enormous potential impact on their affairs. Such laws could mean higher operating costs, or more government regulation, or more federal forms and reports to fill out.

Few businessmen, however, are familiar with the Domestic Council staff, which plays a key role in forging legislative proposals that come into public view as Administration policy.

The 19-member Council was established by President Nixon in 1970 as a home front counterpart to the

National Security Council, which advises the President on military and foreign affairs. Its membership reads like a Who's Who of the stratospheric levels of the Executive branch—the President, the Vice President, all the Cabinet Secretaries with the exception of State and Defense (they serve on the National Security Council), the chairman of the Council of Economic Advisers, the counsellor to the President, and top officers of the budget, environmental and veterans' agencies.

But the day-to-day, nuts-and-bolts work is carried on by the Council's professional staff, headed by Kenneth R. Cole Jr., a boyish-looking 36-year-old.

## "Honest brokers"

He and five associate directors serve as what he calls "honest brokers" on issues that the President must consider in making legislative proposals. They see to it that the President gets a complete picture of what the options are, and who advocates each one and why, before he decides what to urge on Congress.

Mr. Cole is making a special effort to meet as many members of Congress as possible, telling them, he says, "that I want them to know who I am, what I look like, and what I do, and that I want to work with

them in any way I can to be helpful." He informs each that he is "going to be calling you when I think you can help us."

One of his aims is to avoid the type of abrasiveness between the White House and the Democratic-controlled Congress that has marred consideration of many domestic issues in the past.

He also hopes to avoid repetition of such strategic errors as failing to gauge the extent of Senate opposition to President Nixon's original welfare reform proposal, the Family Assistance Plan—opposition which led to its rejection.

A new reform plan is being drawn up and Mr. Cole says: "I am not going to fire something else up to the Hill that goes nowhere. I want to develop something that most people can support."

A native New Yorker, Mr. Cole graduated from Bucknell University with a business administration degree in 1959, was assistant to the vice president of a New Jersey gas company before serving in the Navy and later was an executive of J. Walter Thompson Co., the advertising agency. He worked on the Nixon campaign staff in 1968 and joined the Administration when it took office in January, 1969.

Mr. Cole moved up from deputy

Domestic Council Executive Director Kenneth Cole (foreground) and staff aides at a start-the-day session. Left to right (near side of table): Assistants Norman Ross, Frank Gannon and Craig Gosden, and Associate Directors Geoffrey Shepard and Dana Mead. Far side: Assistant Michael Duval, and Associate Directors Richard Fairbanks (who has since left the staff), James Falk and James Cavanaugh.



## Little-Known "Brokers" *continued*

director of the Domestic Council to executive director in December, 1972, succeeding John D. Ehrlichman when the latter was assigned full-time to a second job he'd been holding down—assistant to the President for domestic affairs.

Mr. Ehrlichman, a target in the Watergate investigations, resigned in May, 1973, and Mr. Cole succeeded to the Presidential assistant title, too, last January. Neither Mr. Cole nor any of the Domestic Council staffers under him have been linked to the Watergate scandals.

Serving as associate directors are:

- Dr. James Cavanaugh, 37, who specializes in "human resources," including health policies, higher education, welfare and veterans' affairs. A graduate of Fairleigh Dickinson University in his native New Jersey, he earned a doctorate in health care administration from the University of Iowa in 1964, served on the faculty of its medical school, joined the U.S. Public Health Service and was a deputy assistant secretary in the Department of Health, Education and Welfare before coming to the Domestic Council.

- Dana G. Mead, 38, whose field is community development—a broad area that includes housing, transportation, urban renewal, water and sewer, disaster assistance, and economic improvement programs. An Army colonel who is now on detail at the White House, he graduated from the U.S. Military Academy in 1957 with academic honors and in 1967 received a doctorate in political science and economics from Massachusetts Institute of Technology. He taught government and economics at West Point and in 1970 was selected as a White House Fellow, dealing with civil rights and elementary and secondary education.

- James H. Falk, 35, a lawyer who visited Washington one day to confer with the Domestic Council staff in his capacity as president and chairman of the transit authority in Tucson, Ariz., and wound up joining the Council as its specialist on state and local government relations.

- Geoffrey C. Shepard, 29, a Californian who graduated from Harvard Law School in 1969, worked briefly for a Seattle, Wash., law firm and



*Dana G. Mead says that he and other Domestic Council staff members have to be "as objectively neutral as we can" in dealing with policy issues.*

came to Washington as a White House Fellow working with the Secretary of the Treasury. He joined the Domestic Council staff in 1970 and is its specialist on law enforcement, including programs to combat drug abuse.

The post of the fifth associate director, who works in the natural resources area, including energy, is temporarily vacant following the recent resignation of Richard M. Fairbanks, 33, who has returned to private law practice in Washington.

### For the "New Federalism"

Despite the diversity of their respective responsibilities, the top staff people share fundamental views about how they should operate.

All agree with President Nixon's "New Federalism" philosophy that decisions affecting the people at state and local levels should be made at those levels whenever they can.

Another unanimous belief is that the widest possible range of views should be heard from the greatest possible number of sources during the process of formulating federal policy.

"It is vitally important that we get fresh inputs," says Dr. Cavanaugh. "And we don't want them to come only from federal agencies. We try to talk with any groups or individuals who want to talk to us."

He and Mr. Mead are considered Mr. Cole's principal deputies.

Dr. Cavanaugh established his reputation early when, as a University of Iowa faculty member, he chal-

lenged official government estimates of the cost of the Medicaid program for providing health care to low-income families. He said the total in the plan's second year would be 500 per cent higher than the estimate HEW officials were quoting. And it was.

Among his top priorities at present is the drafting of recommendations to improve assistance to Viet Nam-era veterans, whose problems with the bureaucracy were spotlighted by demonstrations in Washington this spring.

Earlier, he was a central figure in shaping the Administration's National Health Insurance proposals, which went to Congress in the form of a 137-page bill. Domestic Council staffers gave the bill a final line-by-line checkout in a grueling two weeks of meetings that often ran until two and three a.m.

The handling of the Health Insurance measure provides a good example of the Council's open door policy. While it was being drafted, Dr. Cavanaugh heard the views of organizations representing insurance firms, other businesses, hospitals, the medical profession, state and local governments and labor unions.

He will continue to monitor the legislation's progress in Congress as he deals with other issues.

Mr. Mead's current major concerns include helping to advance the Administration cause as Congress deliberates legislation on community development, housing and mass transit.

His daily schedule includes a breakfast conference with Mr. Cole between the Domestic Council staff meeting and Mr. Cole's attendance at an 8:30 a.m. meeting of senior White House aides, with Gen. Alexander M. Haig, the President's chief of staff, presiding.

### Decisions by committee

Mr. Cole occupies a handsome, paneled office in the west wing of the White House—close to the President's Oval Office.

The rest of the Domestic Council staff is quartered individually in the Old Executive Office Building, a great, gray stone pile of French Renaissance architecture completed in 1888, which until shortly before



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## Little-Known "Brokers" *continued*

World War II housed the Departments of State, War and Navy. (Prior occupants of Mr. Falk's office included William Howard Taft as Secretary of War.)

The Council itself—the President, Vice President, etc.—rarely meets formally.

Explains Mr. Cole: "The Council operates in committee form where we can take six or seven guys, who are focused on one of the issues that we are looking at, and have a good productive working session. You can't have a working session with 19 people. It just doesn't happen. In the course of the four years we have been in business we have had only about 15 full Council meetings and they have been primarily show-and-tell-type sessions. But the committees meet regularly."

He, the associate directors and the remainder of the Council's professional staff, are joined in their start-the-day sessions by members of the White House Capitol Hill liaison team, who report on developments in their area of operations. Office of Management and Budget representatives are there on Tuesdays and Thursdays.

"We cover in depth whatever problems there are in specific areas," says Mr. Cole. "If there are answers or guidance I can give, I give them. If something has reached the point where only the President can make the decision, it surfaces, and then I have to get all the facts so I can go to him for an answer."

Mr. Cole differentiates between the "broker" roles played by himself and his top aides and the roles of members of the Council itself, whose views on a given issue may conflict.

"Cabinet officers are basically advocates for their own programs," he says. "In the health area, for example, perhaps a balance needs to be struck between the advocacy of the Department of Health, Education and Welfare, and the Council of Economic Advisers. HEW is responsive to different kinds of pressures than is the Council, which focuses on the economic consequences of what HEW might want to do. So each side is going to bring different points of view to bear."

"It's up to our staff guys to try as



*Dr. James H. Cavanaugh, specialist in "human resources" for the Domestic Council, is now working on plans to improve veterans' benefits.*

best they can to take a Presidential perspective, one that does not lean toward either advocate. We play the role, basically, of a broker working within the policy guidelines we know reflect the President's position. When something has to go to him, it's up to the Council staff and ultimately to me to be sure that the picture presented to him is as fair as possible."

### ABC's for the President

The end product of the Domestic Council staff operation, a report to the President on a specific issue, "states the problem and lists the options for solving it," Mr. Cole explains.

"It tells him we can do A, B, C, or D. Here are the pros and cons of each of these solutions. Here is who recommends them. On the basis of that, he may make a decision, he may say: 'Let's have a meeting,' or he may say: 'This needs more work.'"

"Once the President has made his decision, our fellows will work with OMB and the members of a Domestic Council committee in writing the legislation to correspond to the President's policy decisions. As we do, new issues may crop up and then we have to go back to him if we don't have sufficient running room."

Members of the closely-knit Council staff are a special breed. Mr. Cole describes what it's like to be on his team:

"It takes a guy six or maybe nine months before he becomes totally effective working around here. You have to understand the internal poli-

tics of the place. You have to understand the government outside. You have to earn the confidence of the people you deal with both here and outside—and that's not something you earn the first day you walk in.

"The staff is young—it takes a lot of energy to work here—but highly qualified. The staff man has to be able to deal with people. He has to be a good manager. Basically, he is relating to other people, organizing their work, motivating them, criticizing them.

"He usually is dealing with people who are older and have more stature than he has. My guys deal directly with Cabinet members most of the time, which sometimes is not easy for young men to do.

"They are dealing with complex issues and with complex people, either in Congress or elsewhere in the Executive branch. They have to be able to sense when to move and when not to, when to push and when not to push.

"Most of our staff members have developed a lot of expertise in several areas on the job here and at the same time they often deal with people who, in government service, have been concerned with one area for 30 years. We can learn a great deal from those people but I also think that the business of government needs a fresh perspective."

Surprisingly, perhaps, in view of his key position, Mr. Cole adds that "I'm not really a fan of the federal government. It tries to do too much."

### No hiding place

As a government official, he has plenty to do himself.

Mr. Cole is casual and relaxed despite a schedule that brings him into his office six days a week and keeps him on the phone up to five hours on Sunday.

"I never get away," he says.

On a recent official trip to Atlanta, he was showering in his hotel room when the phone rang.

"I got out of the shower and answered it," he recalls. "The President was calling. What can you say: 'I'm in the shower—call back later'? I sat there naked and dripping on the bed for a half hour while we conferred."

—ROBERT T. GRAY



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**'This system is simple, straight forward and quick — but it works. Do it right and you can have the highest earnings of your career!'**

I've got something that can help you earn a great new living and perhaps even make you rich!

Now, I know this seems hard to believe, but I can also *prove* it to you!

I say this because I've got letters from *thousands* of satisfied customers, . . . and a product which has been praised by 150 leading media!

What's more, at \$12, it's an incredible bargain, and I'll even give it to you without asking you to risk *one penny*!

However, first let me tell you what I have.

I've got a *copyrighted job changing system* that you can use to move up in your field, or out to another field, but at significantly higher earnings.

It took myself and five other professionals two years and \$250,000 to develop—but it works!

Furthermore, it doesn't require "genius" and it doesn't require "luck." All you have to do is put it into action.

The reason we developed it was because with 84 million employed, and 15 million circulating resumes each year, this area was ready for some revolutionary ideas.

We knew more people than ever owned prestige cars & yachts, summer homes and international retreats, as well as having securities, real estate holdings and lots of cash in the bank.

In short, many people in the U.S. are living good lives!

At the same time, however, the great majority have no excess cash, little job security, and are frequently restless, bored with their jobs, commuting long hours, and harrassed by inflation!

We asked ourselves how do people get to live the "good life"?

Well, we found that most successful people were there because they never wasted time in dead-end situations!

What these people did was to make crucial job changes, and *parlay* their higher earnings into small fortunes!

Take a look at the economics!

Do you realize that if you were to change jobs every 4 years, at an average annual increase of \$4,000, and then put the increases in the bank at 6%,—that in 20 years you'd accumulate an extra *half million dollars*!

Getting raises is one thing, but getting significant increases because of job changes is a very important source for wealth!

The next question then, is how can you easily change jobs? This is where the unique system we've developed fits in.

Our system can work for anyone from \$8,000 to \$80,000. Do it right and you'll gain higher earnings, lifelong job security, but most of all, *everlasting self confidence*!

This is because once you've used it, you'll know you can *always* get a new job,—quickly and predictably.

Perhaps you're wondering why our system works? Well, it works because it's a *completely different approach*, based on totally new concepts.

But, also because it's simple, practical, and self-tailoring. You could start next week—and do it *without strain, confusion or worry*.

But, there is one catch! You won't be a success if you use old methods for dealing with recruiters & agencies, for answering ads & sending out letters, for handling interviews & negotiating salary.

To make more money without a hassle, you'll have to be willing to change. You'll also have to follow our system, have an open mind & have faith in yourself.

However, do this and a better life will be yours!

With our system, whatever you seek—a better job, a new career, higher pay, more satisfaction,—*I believe nothing can stop your success!*

Not age, sex, education, or even low earnings or past working history.

Personnel Magazine said we have a "breakthrough."

Business Week devoted a full page article and called it "indispensable."

The National Public Accountant even said it was "capable of catapulting any average person into a position offering much greater rewards."

However, your best proof of our system is that we've already received thousands of letters from grateful customers.

Letters like one from a gentleman in California who wrote: "In 4 weeks I changed jobs and raised my salary 33%! I wish I had it 10 years ago!"

Another man from New York said "I used one of your letters, sent 24 out, and got 13 interviews and 3 job offers!"

Still another from California said "In just 11 days I received an offer of \$7,000 more!"

I know this sounds almost too easy and I can't promise that you will do as well. But, then again you may do better!

All told, over 11,000 people have written unsolicited letters to our firm, to tell us of their success with this system.

Now, if you're serious about wanting to move up, then I know that our system is something you've got to have!

In fact, I'm so convinced that you'll agree that it's worth *hundreds of times the cost*, that I'll make sure you have nothing to lose.

First of all, when your order arrives, we'll ship within 24 hours. No delays!

Secondly, you can examine our system for 10 days.

Third, if at the end of that time you are dissatisfied, return it, & I personally guarantee your 100% refund will be mailed in 3 working days—with no questions asked!

To let me prove everything I've said, and to take advantage of this nothing-to-lose offer, just fill in and mail me the coupon below.

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Dear Mr. Jameson:

Your offer sounds great! Please rush me your Professional Job Changing System right away, but on one condition, I understand I may examine it for 10 days, & if at the end of that time I return it, you will mail my full refund within 3 working days, with no questions asked. On that basis, here's my \$12, plus .50 for postage and handling.

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Mr. Jameson's ideas have been the subject of more than five hundred articles, ranging from 600 words in *Business Week* to 3,000 words in *Chicago Today*. This material has also been nationally advertised in leading media including *The Wall Street Journal*, *Scientific American*, *Nation's Business*, *Signature*, *The New York Times*, *Newsweek International*, *The Los Angeles Times*, *American Scientist*, *Income Opportunities*, *Time*, *Specialty Salesman*, *Success Unlimited*, *Chemist*, *The Army Times*, *New York*, *The Chicago Tribune*, *True & others*. © 1974 Performance Dynamics, Inc.



# If you understood lumens-per-watt the way you understand miles-per-gallon, you might just scrap your company's present lighting system.

The "lumen" and the "watt" may not be as familiar to you as the "mile" and the "gallon." But the principle is exactly the same.

And if more American businessmen realized that, more American businesses would be saving money on lighting.

*The lumen-per-watt. It's simpler than it sounds.*

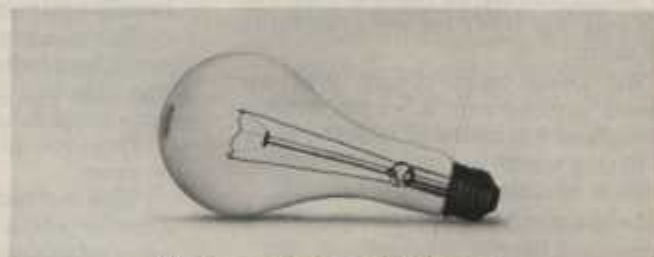
A lumen is nothing more than a unit of light. A lamp that gives 100 lumens is giving twice as much light as a lamp that gives 50 lumens.

A watt is a unit of electrical power. How much electricity it takes a fan or a toaster or a light bulb to do its job. Something that uses 100 watts is using twice as much electricity as something that uses 50 watts.

Now, it doesn't take a degree in engineering to figure out that the lamp that gives the most lumens-per-watt is the most efficient lamp. Just like the car that gives the most miles-per-gallon is the most efficient car.

And that's about all the fancy, technical language you're going to need to start evaluating your company's lighting system.

*Some light bulbs you've heard of... and some we're pretty sure you haven't.*



**The incandescent light bulb.  
About 10 to 23 lumens-per-watt.**

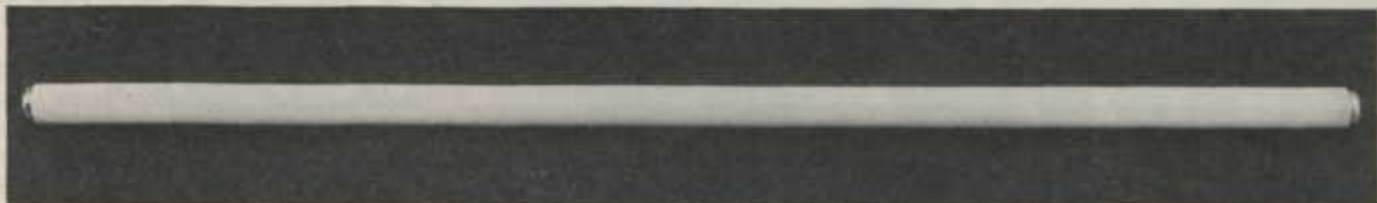
The incandescent light bulb. A very flexible lamp that can be used almost anywhere. Nevertheless, an incandescent bulb is usually the least efficient lamp you can buy. Only 10 to 23 lumens-per-watt. (Efficiency increases as wattage goes up.)

The mercury lamp. A definite improvement. On the average, one 100-watt mercury lamp gives as much light as two 100-watt incandescent light bulbs. (Higher wattage mercury lamps are even more efficient.)



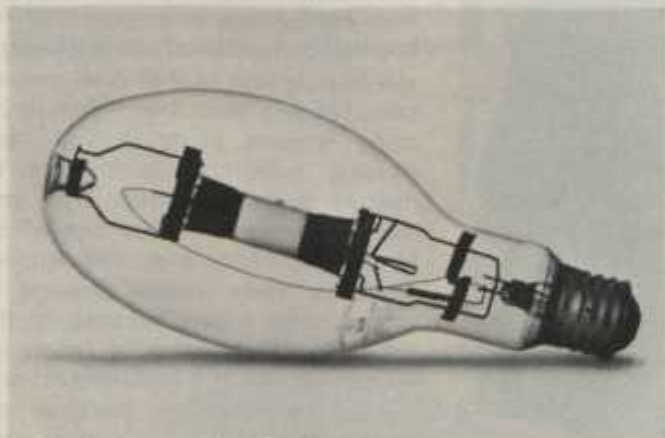
**The mercury lamp.  
About 42 to 63  
lumens-per-watt.**





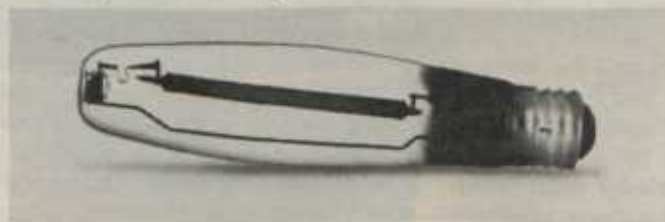
**The fluorescent lamp.  
About 55 to 83 lumens-per-watt.**

The fluorescent lamp. It's used a lot. It could be used a lot more, especially in place of incandescent bulbs. Typically, one four-foot, 40-watt fluorescent lamp gives as much light as a 150-watt incandescent light bulb... for about 1/3 the electricity.



**The Multi-Vapor® lamp.  
About 85 to 100 lumens-per-watt.**

The Multi-Vapor® lamp. Often used to light glamorous places like baseball and football stadiums. Also used in slightly less glamorous places like parking lots, factory buildings and warehouses. It's the second most efficient lamp we make. A single 1,000-watt Multi-Vapor lamp gives nearly as much light as four 1,000-watt incandescent lamps. (In other words, the same light for about 1/4 the electricity.)



**The Lucalox® lamp.  
About 102 to 140 lumens-per-watt.**

The Lucalox® lamp. The high-pressure sodium vapor lamp is the most efficient lamp we make. To equal the light of one 1,000-watt Lucalox lamp, it would take

three 1,000-watt mercury lamps. Or, six 1,000-watt incandescent light bulbs.

So what's our point?

Simply this.

Your company can probably get the light it needs more efficiently.

Right now, your company may be using too many lamps near the top of this list and not enough near the bottom.

If you were using some of the newer, more efficient lamp types, you might be able to get the same amount of light you're getting now for substantially less electricity.

It won't be free.

Updating your company's lighting system to make it more efficient will cost you money. Usually, it requires new fixtures and ballasts. And, generally speaking, the more efficient lamp types are also more expensive. But before you let this discourage you, remember this. When you save electricity, you're not only saving energy. You're also saving money. In fact, the money you save in the first couple of years of operation can often pay for the cost of a new Lucalox lighting system.

Something that is free.

One thing we can give you for free is more information.

If this ad has even partly interested you in updating your company's lighting system, we ask you to take one small, but important next step. Find out more. Call your local GE lamp representative.

Or write us. General Electric Lamp Business Division, Dept. C-406, Nela Park, Cleveland, Ohio 44112.

**We can help  
make every watt count.**

GENERAL  ELECTRIC



**This Month's  
Guest Economist  
James B. Carson Jr.**

*Mr. Carson is vice president of finance and economic affairs for Crow, Carter & Associates, an Atlanta, Ga., real estate development and brokerage firm. The background: Part of Atlanta's Northlake office-residence-shop complex.*

## Realities in Real Estate

The current climate of economic and political uncertainty complicates business decisions for all industries. These uncertainties are particularly disquieting for the investor-developer of income properties.

Leverage is the name of the game for the real estate developer. A developer who is successful in borrowing 100 per cent of the total cost of his project is generally considered to have done a better job than one who is able to borrow 80 per cent.

But the large burden of fixed debt service which highly leveraged projects must bear causes the equity investor in such projects to be extremely vulnerable to changes in market conditions. A slight reduction in occupancy or a slight increase in operating expenses can turn a proj-

ect's cash flow from positive to negative.

Consider the factors—the level of costs and of rents, and the possibilities of major recession and of a marked change in the inflation picture—that the developer must evaluate in the light of today's economy before committing himself to new projects.

Construction costs have risen at an unparalleled rate during recent months. Land costs are rising rapidly. If the developer extends the recent trend line forward, he concludes that the project he is currently analyzing will cost 15 to 20 per cent more next year than it will this year. Operating expenses associated with completed projects are likewise rising rapidly.

As for mortgage costs, inflation

exerts an upward pressure on long-term interest rates, with lenders not only seeking a return for the use of their dollars but also trying to compensate for losses in those dollars' value. Mortgage rates are near their all-time highs, and will probably remain so, increasing the annual burden of debt service associated with income properties. And many lenders now seek an inflation hedge in the form of a percentage of increases in rental income.

Developers seeking financing in a high-interest-rate market are likely to find that conventional mortgage loans will finance less of their total project cost. Lenders base their loans on income streams being derived from existing buildings which were financed at lower interest rates and whose owners therefore can afford to charge lower rents. The lenders capitalize these income streams at higher "cap rates" because of the generally higher rates of return investors expect in a high-interest-rate market. The developer therefore obtains a smaller loan, and must seek secondary financing or make a larger equity investment.

Meanwhile, because the supply of newly constructed space has generally exceeded the demand for space in most types of income properties, rents have not tended to rise as rapidly as developers' costs. A project built at inflated costs cannot profitably compete with the rents being charged for space in slightly older properties. The landlord also recognizes that base rent will be fixed for a period of time, possibly for many years. He must, therefore, try to pass along as much of the burden of rising operating expenses as possible to the tenant. However, competitive practices strongly influence the landlord's ability to do so.

Historically, rampant inflation is characteristic of an expansionary period. The greater the rate of inflation, the more serious the subsequent recession is likely to be. The developer is therefore haunted by a fear that he may be making a major commitment to a project on the eve of a major recession.

If he assumes that today's rapid inflation will continue uninterrupted into the future, the developer of in-



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## This Month's Guest Economist *continued*

come properties can paint a bright picture for the future of almost any reasonably well-conceived project. His rationale goes something like this:

"The vast majority of the money for my project will be borrowed at relatively fixed interest rates. I will be repaying debt in cheaper dollars than those I am borrowing today. Because construction costs are increasing continually, rents will necessarily continue to climb. All I have to do is build today and wait for inflation to make me rich."

Indeed, this prediction may come to pass and many projects are justified in this manner. However, the developer should carefully assess the downside risk associated with his highly leveraged position without allowing his expectation of profits from inflation to cloud his judgment.

In view of current business uncertainties and strong inflationary pressures, developers should:

- Carefully control inventory levels of both space and land. Stay closely in tune with market conditions. Avoid merely reacting to the willingness of a lender to supply money for a project. Make a careful market analysis.
- Allow a sizable reserve for contingencies when estimating project cost. Be sensitive both to construction costs and to operating deficits during the initial rent-up period.
- Secure a commitment for permanent financing in advance of the start of construction. Avoid undertaking projects which are not economically feasible when financed at present interest rate levels.
- Build operating expense protection into leases.

Increasingly, landlords are escalating rents annually on the basis of increases in the cost of living index. Wherever rents can be automatically escalated or expenses can be borne directly by the lessee, the landlord reduces his vulnerability to inflation. If expense protection cannot be obtained, lease terms should be kept short.

Inflation may prove to be a source of extra profits for owners of income properties, but the wise investor today must use extraordinary caution when evaluating proposed projects.



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# Business Faces the Fight of Its Life

BY SEN. BARRY M. GOLDWATER (R.-ARIZ.)



**T**he American private enterprise system—especially its basic industry segment—is headed for new and serious trouble in Congress.

In fact, the threat of crippling anti-business legislation is now greater than at any previous time in my experience. The going-over that representatives of the oil industry got recently in a Senate committee is only the beginning. From now on, you can expect to see a constant parade of corporate witnesses going to Capitol Hill to be badgered and blamed for a growing list of problems which are not only affecting the nation's economy, but interfering with the conveniences of the average American.

These problems, like comparable ones before them, have been seized upon by the liberal-radical element in Congress, in the private sector and in the academic community which would like to bring about the nationalization of American business.

In the current drive for government ownership of business, the oil industry just happened to be the first juicy target for the liberal-leftist cabal. And already we know from signs that are evident in all parts of the nation that today's energy crisis will be tomorrow's steel crisis, and tomorrow's steel crisis will be the next day's crisis for the entire competitive enterprise system.

I am not sure the business community has ever faced a situation just like the one that confronts it today. Our problem seems to be one involving too much of what American business has always held beneficial.

What I'm saying is that there is too much growth, too much demand, and too little supply. The system is faltering under a series of badly handled shortages and is under attack by all its old socialistic enemies.

Unfortunately, much of the present drive against business is fueled by public anger. The claim of some

demagogues that the whole energy crisis is nothing more than a conspiracy on the part of the big oil companies—just to take a current example—is gaining loud and angry support from American consumers who are paying record prices for gasoline and who, for a time, were forced to spend hours in line to get it.

If there are any new and naïve members of the corporate management community who believe the forces of nationalization do not know how to use this kind of public anger, I hope they'll wise up very fast.

**N**ever before have I seen a situation which cried out as loudly for intelligent planning by business representatives. And I am talking about those business representatives, whether they be in oil, steel, the automotive industry or the toilet paper business, who come in contact with the public and testify before Congressional committees in front of television cameras.

Perhaps I am presumptuous. But as one member of Congress who has met a payroll, has served his time in the business community and has never forgotten his regard and affection for the free enterprise system during a quarter-century of public service, I feel I have a right and a duty to issue a warning.

Some weeks ago, on Feb. 6, I let my hair down and delivered a message to the corporate heads of the iron and steel industry. Now I should like to amplify that message for the benefit of all American business. My message is to urge you to understand the situation you are in, to take an accurate measurement of your opponents, and to prepare for the fight of your life.

I have long held a front row seat from which I can watch some of the things that American corporations do wrong in Washington. For example, most industry



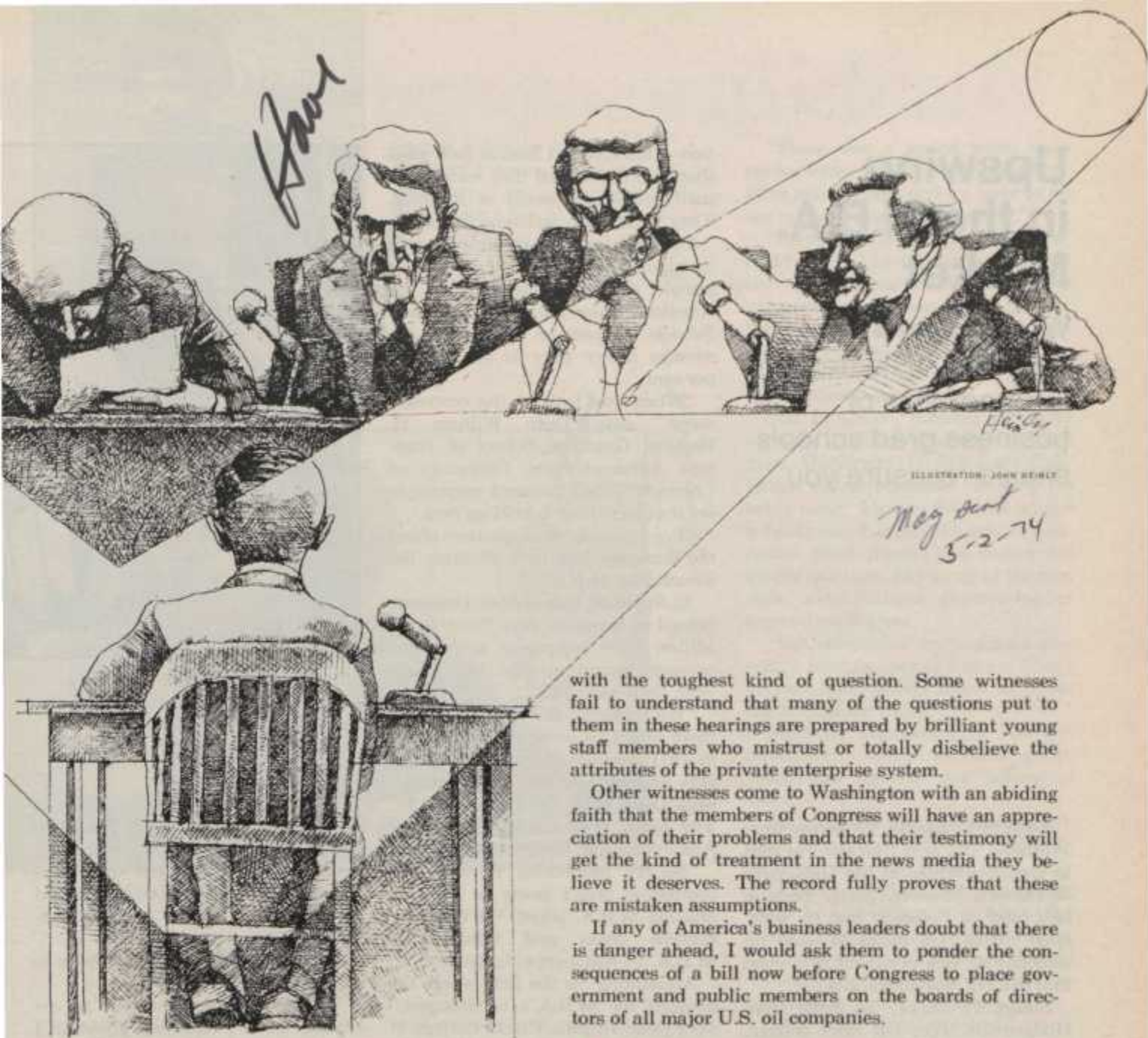


ILLUSTRATION: JOHN WEIRLY

with the toughest kind of question. Some witnesses fail to understand that many of the questions put to them in these hearings are prepared by brilliant young staff members who mistrust or totally disbelieve the attributes of the private enterprise system.

Other witnesses come to Washington with an abiding faith that the members of Congress will have an appreciation of their problems and that their testimony will get the kind of treatment in the news media they believe it deserves. The record fully proves that these are mistaken assumptions.

If any of America's business leaders doubt that there is danger ahead, I would ask them to ponder the consequences of a bill now before Congress to place government and public members on the boards of directors of all major U.S. oil companies.

spokesmen come to the nation's capital to testify before committees of Congress when the problems affecting their businesses are especially grave. But they seem, invariably, to be the most poorly organized, poorly informed group of witnesses in the whole country. It is not that they don't understand their businesses, not that they can't articulate their problems—rather, an attitude they carry with them into the committee rooms seems to prohibit their story from getting across.

I have spent a lot of time considering this situation. And I have come to the conclusion that too many of the business spokesmen whom I see testify assume that the members of Congress know little or nothing about the intricacies of their enterprises. This may be true, but what the witnesses fail to understand is that even the dumbest member of Congress can be armed

And then I would tell them to start making plans today—not tomorrow—to head off a concerted drive against all important elements of the American private enterprise system. I predict we have only heard the beginning of charges that industry representatives conspired to bring about material shortages, inflation and unemployment. I believe American business will be accused on every side of reaping windfall profits at the expense of helpless consumers and taxpayers. And I predict that Congress will, before long, be considering a barrage of bills to nationalize businesses or to impose greater controls and taxes on the domestic and foreign earnings of American industry.

The current challenge to business seemed to reach crisis proportion almost overnight. This, by itself, should inform the leaders of the private enterprise system that the hour is very late and growing later every minute.

END



# Upswing in the M.B.A. Market

Worried about the economy? The demand for graduates of business grad schools should reassure you

Edward C. Larkin, 23, comes from Wilmette, Ill., near Chicago. He goes to graduate school at the University of Denver, however, partly because he's fond of Colorado and its wide, open spaces. He hopes to wind up someday as vice president of a good firm in a big, but pretty, city.

Susan T. Miller, 27, hails from Hodgenville, Ky., but after college, she worked three years in Hartford, Conn., for Aetna Life and Casualty Co. She always intended to go to graduate school, but wasn't sure whether she wanted to become an economist—or a business executive.

Now she is sure.

She's a graduate student at Emory University in Atlanta, Ga. She paid her way with two student loans, a partial fellowship, some savings and a little money she made in the stock market. She bought Texasgulf, Inc., for 16 $\frac{3}{4}$  and sold it for 24.

Eventually, she hopes to become a branch manager, or hold down some other type of executive job.

Mr. Larkin and Miss Miller are among some 30,000 men and women who will receive an M.B.A.—a master's degree in business administra-

tion—this spring. Chances look good that they'll get what they want eventually from the world of business. They're certainly welcome there.

Demand for this spring's class is up about 10 per cent on average, a sample survey of members of the American Assembly of Collegiate Schools of Business shows, and the average salary offer is up about 5 per cent.

"When you look at the economic scene," says Dean William H. Baughn, Graduate School of Business Administration, University of Colorado, "it's a pleasant surprise to see that recruiting is holding firm."

"Pessimism in some quarters about the economy just isn't affecting the demand for M.B.A.'s."

At Stanford University's Graduate School of Business, says Dean Arjay Miller, "206 companies are on the campus recruiting this year. Last year, there were 185."

"We entered this year thinking there might be some rough spots, as in 1971, because of inflation, the energy problem and the stock market," says Dean John W. Hennessey Jr., The Amos Tuck School of Business Administration, Dartmouth College.

"So it's heartening to find that companies aren't going to stop recruiting M.B.A. talent. We don't see cyclical peaks and troughs for M.B.A.'s—just a growing demand."

Accounting "is the field where the demand for M.B.A.'s is strongest," says Dean Eugene Clark, College of Economics and Business, Washington State University.

Nearly all schools say the same, with finance most often ranking second.

Average salaries reported by AACSB schools range from \$11,800 to \$17,000. "Don't forget," one dean comments, "a \$12,000 offer in Los Angeles is the equivalent of \$14,000 in New York City."

"M.B.A.'s with technical undergraduate degrees," says Dean Kermit O. Hanson, Graduate School of Business Administration, University of Washington, "will command \$1,200 a year more than those with a B.A."

Previous work experience also commands a premium.

Many members of this year's M.B.A. class have it.



Money she made in the stock market has helped Susan T. Miller on her way toward her master's degree in business administration.

For example, James O. Keniston. He got his master's degree in civil engineering in 1964, and then went to work for Shell Oil Co. in Midland and Houston, Texas, and Los Angeles, Calif.

In 1972, he decided to go back to school for an M.B.A. Why?

"It was a career change," he explains. "I felt I had done about all I could in civil engineering. I wasn't growing and I became more interested in the business side."

"As a senior engineer, I was presenting projects to management and they'd say Go—or No Go. I wanted to get on the other side of the table where the decisions were being made."

He sold his home in Houston. "I bought it for \$32,000 and got \$40,000 for it," he says, "and I had substantial equity in it—as well as some other savings."

He, his wife and their two children packed up and headed East. He enrolled at Dartmouth and will get his M.B.A. there this spring.

Edward A. Nelson Jr. made a similar decision.

He earned his B.S. in electronics



PHOTO: LEVITT, ATLANTA



Edward A. Nelson Jr. was an electrical engineer, but decided he preferred being a businessman—he'd like a firm of his own.

*Handwritten: Nelson*

*Handwritten: May, sent 5-2-74*



*Handwritten: Larkin*

PHOTO: TEE & TRAINER

Edward C. Larkin hopes to become a company vice president someday. His M.B.A., he believes, should make a valuable contribution to his career.

at Hampton Institute, Hampton, Va., in 1968 and went to work as an electrical engineer for IBM at Poughkeepsie, N.Y.

"But I got tired of electrical engineering," he says, "I guess I had learned all there was to know in my area. So I was seeking new directions. I wanted my own business."

So he, his wife and their two children headed South. He enrolled at the School of Business Administration, Atlanta University, on a partial scholarship. He and his wife both worked to help pay his way through school—sometimes he held down two jobs—and support the family.

He will get his graduate degree this month.

As an M.B.A. who is black, Mr. Nelson will be somewhat of a rarity.

Both women and minority males

with a master's degree in business administration are in great demand.

"It looks like a banner year for black M.B.A.'s," says Robert C. Vowels, dean of Atlanta University's business school.

"Our employment picture is good," adds Dean Paul C. Goetz, School of Business Administration, St. Mary's University, San Antonio, Texas. About one fourth of the graduate students there bear Spanish surnames.

This doesn't mean M.B.A.'s who are women or minority members will get good jobs primarily because of their sex or ancestry.

"Recruiters are looking for competence in these students," says Stanley Bryan, associate dean for graduate programs at Michigan State University's Graduate School of Business Administration.

"There was a period when companies were saying: 'We've got affirmative action plans and we have to fill our quotas.' That's tapering off."

"Recruiting is vigorous for women M.B.A.'s," says Dean Arthur Mason Jr., College of Business Administration, University of Denver. "However, our experience doesn't show a premium being paid for them—in the way of higher salary offers than the men are getting."

Ben P. Greco, director of career services, Graduate School of Business, University of Southern California, says a premium—of sorts—is being paid: "Most of the women have a background in liberal arts or education, which doesn't give them a real usable specialty, like many of the men with undergraduate engineering or accounting degrees."

"But companies are paying a premium, because they're women. That's keeping their salary offers at about the level of the men's."

Students are averaging two job offers each, AACSB schools report. Some are getting five offers—or more.

"It depends on previous experience, background and clear career objectives," says Mr. Greco.

"I have a feeling many graduates may be accepting the first offer made," says Dean Clark E. Myers, Graduate School of Business, Emory University. "This would cut the average number of offers received."

Why is the demand so high?

Partly, perhaps, because of new emphasis on placement by the AACSB—and its members.

"For many years, AACSB didn't do much in the placement area," says Dr. Cyril C. Ling, the organization's executive vice president. "But in the last year or so we have been taking a much keener interest in it."

However, that's not the only reason.

"Apparently M.B.A.'s are winning more acceptance from moderate-sized firms," says Richard J. Thain, director of placement, The Graduate School of Business, University of Chicago, "as well as from big ones."

"Of course, more firms are now being run by men with a master's degree in business administration. They like M.B.A.'s." **END**



# Disability: surprise killer

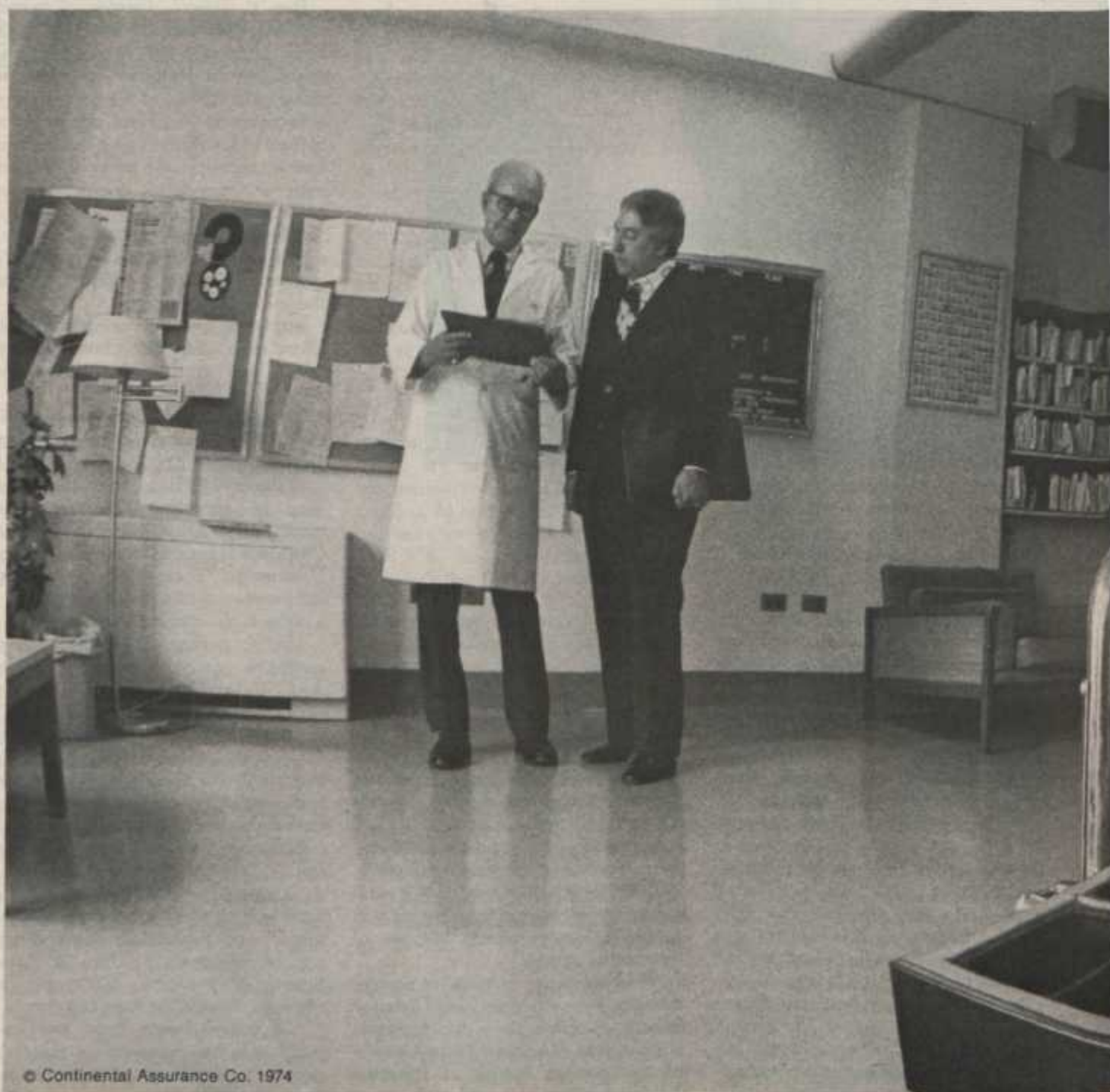
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# of small businesses

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sion of the appropriate regulatory body. The company must prove its need by supplying all the evidence necessary.

And that takes time, several months, in fact. So, when rate increases finally are granted, the higher rates often are no longer adequate to cover even higher costs—costs that

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# panorama of the nation's business

By VERNON LOUVIERE  
Associate Editor

## Corporate Techniques in Church Recruiting

The Roman Catholic Church in the United States has turned to modern business techniques to help recruit priests, brothers and nuns.

At the request of the National Center for Church Vocations in Detroit, the American Management Associations have created a three-day crash course of special training for the Center's 900 vocation personnel (in the business world they would be called recruiters).

AMA's involvement came after the Rev. Edward Baldwin, director of the Center, called on J. Edward Lundy, an executive vice president of Ford Motor Co., to discuss management problems the church had in common with industry. Mr. Lundy suggested AMA might be able to help.

"Vocation directors can no longer rely totally on spiritual motivation to compete effectively for young people," says AMA Vice President John Alexander. "Now that the course has been given a few times we've seen a lot of changed minds. People were

at first disturbed that theology would be supplanted by management. Instead, they now see business training as a supplement, leaving them more time to devote to spiritual activities."

The same techniques that are used in business are applied to problems of religious recruiting. Problems such as: How do you involve other people? What are the principles of planning, organization, budget preparation and running an office?

Results have come quickly. For example, one young priest, only three months out of the seminary and just named a vocation director, had

*Catholic vocation directors learn management techniques to help them recruit priests, nuns and brothers.*

planned to propose an annual budget of \$2,500 to run his office. But after taking the AMA program he submitted and successfully defended a revised budget for \$15,000.

Also, Father Baldwin says, recruiters report the AMA training has helped them become better "salesmen" for the church.

He says competition with other career choices is really what compelled the church to turn to business techniques, adding:

"Corporate solutions are a viable guide to us in developing our own answers." •

## A Homebuilder Ensures Customer Satisfaction

Here's a company which encourages its customers to complain.

Chicago-based Tekton Corp., which has built thousands of homes in Illinois, Arizona and Florida, sets up a formal communication link with each homebuyer. The purpose: To assure that any identifiable flaws in the house are eliminated.

As soon as a sale is consummated, a Tekton representative and the buyer go on a walk-through inspection of the new home. Both look for construction defects. If any are found, corrective measures are taken.

Two months later, a similar inspection is made. Again, follow-up steps are taken if everything isn't in order. And a month before a one-year warranty ends, there's a final inspection.

All Tekton personnel are guided by a set of rules spelled out in a manual on consumer relations policies. No departure from these procedures is permitted without written authorization of the company's president.

"The Consumer Relations Department has become the object of intense study within the corporation during the last year," a preamble to the manual notes, adding that "the issue of consumerism" has become the corporation's "most serious" problem and that "it has become

necessary to institute radical changes in the heretofore ineffective procedures for preventing and curing consumer grievances."

Tekton's rules are tough. Personnel must show "courtesy and respect at all times" to homeowners with whom they have contact. Violators are subject to disciplinary action.

Responsibility for seeing that all flaws turned up during the three walk-through inspections are corrected within a specified period is placed with a consumer relations manager at each Tekton development. If he chalks up more than five failures to correct deficiencies in a year, he is subject to dismissal. •

*continued on next page*



*Filed under Groups*



## Gifts of Products Help Drug Addiction Struggle

A Kansas cattleman, asked to contribute to a New York City organization which fights drug addiction, gave his own solution to the problem:

"Give me a shotgun and send me a thousand addicts. I'll take care of a hundred of them and the rest will get the message."

Not long afterward, he began to donate fresh beef to the Phoenix House Foundation. He had been convinced that its operations were worthwhile and had decided to join scores of businessmen and companies in contributing everything from office supplies and poultry to spaghetti and trucks to help its work.

The Foundation, comprising 14 Phoenix House centers, depends heavily on such contributions to meet its \$5 million annual budget. Of \$900,000 worth of food, clothing, toiletries and similar items needed this year, about \$400,000 worth has already been pledged by businessmen.

"It's a very personal thing when you give a product instead of cash," says psychiatrist Mitchell S. Rosenthal, who founded Phoenix House in 1967. "And people want to help people who want to help themselves."

Phoenix House (named by addicts after the mythological bird that rises from its own ashes) is having what narcotics authorities consider remarkable success. Seventy per cent

of addicts who remain in the program for a year are regarded as effectively cured. A 90 per cent cure rate is chalked up by those who complete the full 18-month program.

Rehabilitation is accomplished through a combination of discipline and understanding. Addicts, who live in Phoenix House centers—all come to them voluntarily—must stay off drugs (even aspirin is kept under lock and key). As they progress through various stages of learning to become responsible members of society, they are given "credits." If they backslide, disciplining comes not only from staff members but from their peers (who may, for example, call attention to infractions by hanging signs around their necks). And they are trained for jobs.

Treatment cost per patient is less than \$12 a day. Dr. Rosenthal, who operates without federal funds, gets

some help from the City and State of New York. But it is private contributions—in goods or in cash—which keep the enterprise alive.

Frequently, addicts under treatment make the appeals for contributions. Producer members of the National Egg Co., of Norcross, Ga., were so impressed with one such pitch that the organization is giving Phoenix House 1,300 cases of eggs this year (almost \$2,500 worth).

Some 7,000 addicts have gone through the Phoenix House program, and most now live drug-free lives. If they had been sent to prison instead, it's estimated, they would have cost New York taxpayers more than \$50 million. And if they had stayed on the streets, many of them stealing to get the \$125 a day that police say is required to satisfy the average heroin user's addiction, the cost to the public would have been far greater. •



Dr. Mitchell Rosenthal (left) and drug treatment center residents receive another business contribution.

## A Bunch of Dividends From the Energy Crunch?

The same type of ingenuity that Americans have used in coping with the energy shortage can help step up productivity, U.S. Steel Corp. feels.

It has launched a program, built around the theme "Anything We Can Do, We Can Do Better," to inspire employees to look for ways of making the company more efficient and competitive.

Says Board Chairman Edgar B. Speer: "It's entirely possible that, years from now, we may look back

and see today's energy crunch as the start of a new era of technological achievement. There's nothing really unusual about this. Our whole economic system—in some respects, our way of life in this country—is based on finding better ways... of doing things."

U.S. Steel has produced a film that is being shown to its workers and its customers. The film features steelworkers, secretaries, computer operators, executives—all explaining the role the individual can play in productivity improvement. A message throughout: Increased productivity is the best way to achieve job security,

"Quite frankly, 1974 could turn out to be a very appropriate time to begin this program, for it is shaping up as a challenging year," says Mr. Speer.

Despite prospects for shipping more steel than ever before, U.S. Steel has a considerably smaller inventory of steel products than a year ago, and many items it needs to maintain production are in tight supply. Meanwhile, costs of the goods and services it buys are going up 1 per cent a month.

So, Mr. Speer says, "a great deal of teamwork and doing things better" is needed. •



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# Charles H. Smith Jr. of SIFCO Industries

**The National Chamber's new chairman will try  
to clear up misunderstandings about business**

If you use airlines, oil or electricity, you are probably being served by SIFCO Industries, Inc.

Since SIFCO makes no consumer products, you may never have heard of it. Yet this Cleveland, Ohio, company makes vital components for airplane engines and bodies, pipelines and electrical generators, along with a variety of other metal forgings.

SIFCO's vigorous, sandy-haired chairman, Charles H. Smith Jr., calls its products "the sinews and muscles" of industrialized society. He has personally guided the company's growth for the 31 years since he became president at age 22.

Over the years, he has also taken the time to be active in dozens of organizations, particularly the Chamber of Commerce of the United States. Now he has been elected Chairman of the Board of the National Chamber, its chief elective officer for the next 12 months.

This is a new arrangement for the Chamber, whose chief elective officer in the past has been called president. Now, the principal staff executive, Arch N. Booth, will carry that title.

As chairman, Mr. Smith will travel

throughout this country and abroad with his chief goal, as he puts it, "to get the real facts about business better understood."

Mr. Smith understands business. His company's sales last fiscal year totaled \$33 million, and it has 750 U.S. employees, represented by locals of five unions.

Also, SIFCO might be called a mini-multinational. It has affiliates in Argentina, Brazil, India and Japan, as well as licensees in France and Britain.

When the company was started in 1913, it chose the descriptive name, "The Steel Improvement Co.," because its business was to improve metals, particularly steel, by heat treating processes. When it acquired forging facilities, it became "The Steel Improvement and Forge Co."

SIFCO now uses the most sophisticated metallurgical techniques but its heart is still in the huge forging hammers which pound red-hot metals into the intricate, custom-made shapes that customers require. They are then finished precisely to specifications.

Mr. Smith received his engineering

degree from Massachusetts Institute of Technology only a few months before the sudden death of his father thrust him into the presidency of the company. As a metallurgist, he followed his father's philosophy of concentrating on difficult metal-working processes rather than mass-producing more simple products.

World War II and later development of jet engines provided the opportunity to make turbine wheels and blades which are still one of SIFCO's major products.

Mr. Smith oversees his multinational corporation from a modest office only a few yards from the main forging buildings. Each stroke of the giant hammers can be heard and felt.

His small executive staff runs things when he is away. And he is away frequently, checking on foreign operations or attending meetings of the International Labor Organization in Geneva, for example. He is the representative of American employers on the ILO.

His home is in exclusive Shaker Heights. He is married to his high school sweetheart, the former Rhea









PHOTO BY JOHN GRAMOTA



Charles H. Smith Jr., the National Chamber's new Chairman of the Board, has been helped in his long civic and business career by his wife, Rhea, his high school sweetheart (above). Two key aides at SIFCO are President A.H. Milnes (left) and Executive Vice President Kevin O'Donnell. In the plant, many workers have known Mr. Smith since he was a teen-ager, when he worked as a helper.



## Charles H. Smith Jr. *continued*

Day, and they have two sons and a daughter. Son Charles is completing his doctorate in international finance at George Washington University. A second son, Hudson, recently graduated from Tulane University and has entered SIFCO's intern program. Daughter Deborah's husband, Robert Morris, is vice president and general manager of Lease Auto Corp. in nearby Euclid. The Morris is the parents of the Smiths' two grandchildren.

Mr. Smith has served as vice president of the National Chamber, as its treasurer, as chairman of committees on labor relations, unemployment compensation and wage-price controls, and as a member of several other committees. He has also served on the ILO advisory council and as a director of the Greater Cleveland Growth Association, the Ohio Manufacturers Association and many civic and religious organizations. He was voted one of America's 10 outstanding young men in 1955.

In the following interview with NATION'S BUSINESS editors in his office, Mr. Smith discusses his background, philosophy and goals.

*You seem to have a philosophy at SIFCO of doing things that are technically a little more difficult than others do.*

Yes, but this needs some qualification.

I think to mass-produce something cheaper than anybody else is probably a pretty difficult thing to do also. The two don't go hand in hand. You can't go after the highly technical, complicated work and at the same time produce parts at the lowest price in the marketplace.

We felt you must build an organization to go one way or the other, and our organization has been built towards achieving technical quality.

*You have to be an aggressive marketer?*

Oh, yes. You have to know where the smokestacks are, as we say in this business.

*Where would you place SIFCO in your industry?*

We are in the top 10 per cent in size of the 300 forging companies in

this country, but this is an industry made up of many small companies. I consider that SIFCO, in relation to the companies of, say, my friends on the Board of the Chamber of Commerce of the United States, is a very small company.

*You are a specialized industry?*

Yes. But we are a very important industry. The sinews and muscles of industry as a whole are made up of forgings. You can't build the equipment an industrial society needs without our products.

*Down the road, do underdeveloped countries present a good marketing opportunity for you?*

Marketing may not be the right word, because it is not practical to make products of our type here and export to those countries, but it is practical to take our experience and technical knowledge and build facilities in those countries which can aid their development and at the same time create opportunities for our company.

*Which was your first international venture?*

Well, the first was in Canada during the Korean War.

We had been quite successful in producing jet engine turbine blades in this country. As the successful bidder we built and operated a turbine blade plant for the Canadian government.

In 1954, we sold the plant to Hawker Siddeley, a British company. That turned out to be a rather fortunate decision. About 18 months later, the Canadian government decided that having an aircraft industry capable of designing and building their own military aircraft was a little rich for their blood, and dropped the program.

*Serving basically heavy industry, would you consider the forging industry an economic barometer?*

Yes, indeed! But our company doesn't necessarily follow the trends of the forging industry, because the industry's principal customer is the automotive industry. We do practically nothing for the automotive industry in the United States, although

it is a very big customer of ours overseas.

Therefore, the automotive industry has only an indirect influence on our company, except in the sense that when our competitors who furnish products to that industry find their volume has dropped, they start to look at some of the fields we are in.

*How is business now?*

Very good. It baffles me a little bit as I listen to the professional economists talking about impending doom and recession.

I find, as I talk to other people in heavy industry, that they, too, feel business is good. I haven't found anybody who could explain why economists are telling us it is bad.

*How about shortages?*

Well, they worry our people a lot, but we are operating at a pretty high level, which means we have been successful in overcoming most shortages. On the other hand, as an example of the way controls have worked to increase costs and raise prices—before controls were started some three years ago we had seven suppliers of carbon steel, the most common grade of steel.

Today we are down to two. The other five have just dropped out of the market.

It is no longer profitable for them to make carbon steel. They can keep busy doing other things that have a better return.

And although the price of carbon steel has been under government controls, our cost of carbon steel has shot up out of proportion to other cost increases, simply because we no longer have as much choice about where we can buy it.

This is the kind of distortion that comes about when government starts interfering with what we used to call a free market.

*With your experience in foreign operations, what do you think of attacks on multinational corporations?*

I believe these attacks are fundamentally incorrect and terribly dangerous for the American public. I have spent a lot of time overseas for my own company, the Chamber and the government. I have seen what is



## Charles H. Smith Jr. *continued*

going on in the rest of the world, and I am frightened. Two thirds of the world's population is living in dire poverty with the other third—primarily in Western Europe and North America—living at much higher standards.

Over the past several decades, there has been more technical progress in the developed world than in all the rest of recorded history. This progress, particularly in transportation and communication and education, means that the villager in India or Nigeria or in the high Andes, for the first time ever, suddenly has some idea how people live in New York or Cleveland or Paris, France. They are no longer content to live the way they do.

Somehow we have to bring progress to the rest of the world or face up to a very, very serious situation which could explode into World War

III. The multinational corporation, as I see it, has done more to bring progress in developing countries than anything else that ever existed. All the government programs don't hold a candle to the real progress that comes when a multinational corporation goes into an underdeveloped country and starts to produce something.

So those who are proposing legislation which would halt the progress multinational corporations have brought to developing countries are flirting with very real dangers for the American people and for the whole world.

What I fear is that over an extended period of time, if Americans say: "We don't care what happens to the rest of the world," the rest of the world won't care what happens to America either. Then we are in real trouble.

*What about government regulation of business here at home?*

Over the last three decades the federal government in particular has set up all kinds of regulations interfering in the marketplace. It has done this with the best of intentions, believing it is good for the general public.

But this interference just doesn't work. And instead of acknowledging it doesn't work, the politicians say they haven't done enough regulating so let's do more.

The politicians say: "We must spend a lot of money to give the voters what we think they want; but we don't really want to tax people quite as much as it takes to get all that money, so we will run a deficit budget."

The inevitable result of continuing budget deficits is inflation. And the government, the people in Congress,

### THE VICE CHAIRMAN: A CALL FOR "STRONG AND IMAGINATIVE PARTICIPATION"

Clinton Morrison, vice chairman of the First National Bank of Minneapolis, and chairman of its trust committee, has been elected Vice Chairman of the Chamber of Commerce of the United States for 1974-75. As holder of this new position, he will probably succeed to the National Chamber's chairmanship next year.

A great-grandson of the first mayor of Minneapolis, Mr. Morrison got a B.A. from Yale and an M.B.A. at the Harvard Business School. He began his business career with Shell Oil Co., and after World War II military service joined the Vassar Co., a textile knitting firm in Chicago, of which he now is a director. He came to the First National in 1955 as a trust officer.

The First National is the country's 67th ranking bank and the biggest in the First Bank System—which is among the 20 largest



Clinton Morrison

banking organizations in the U.S.

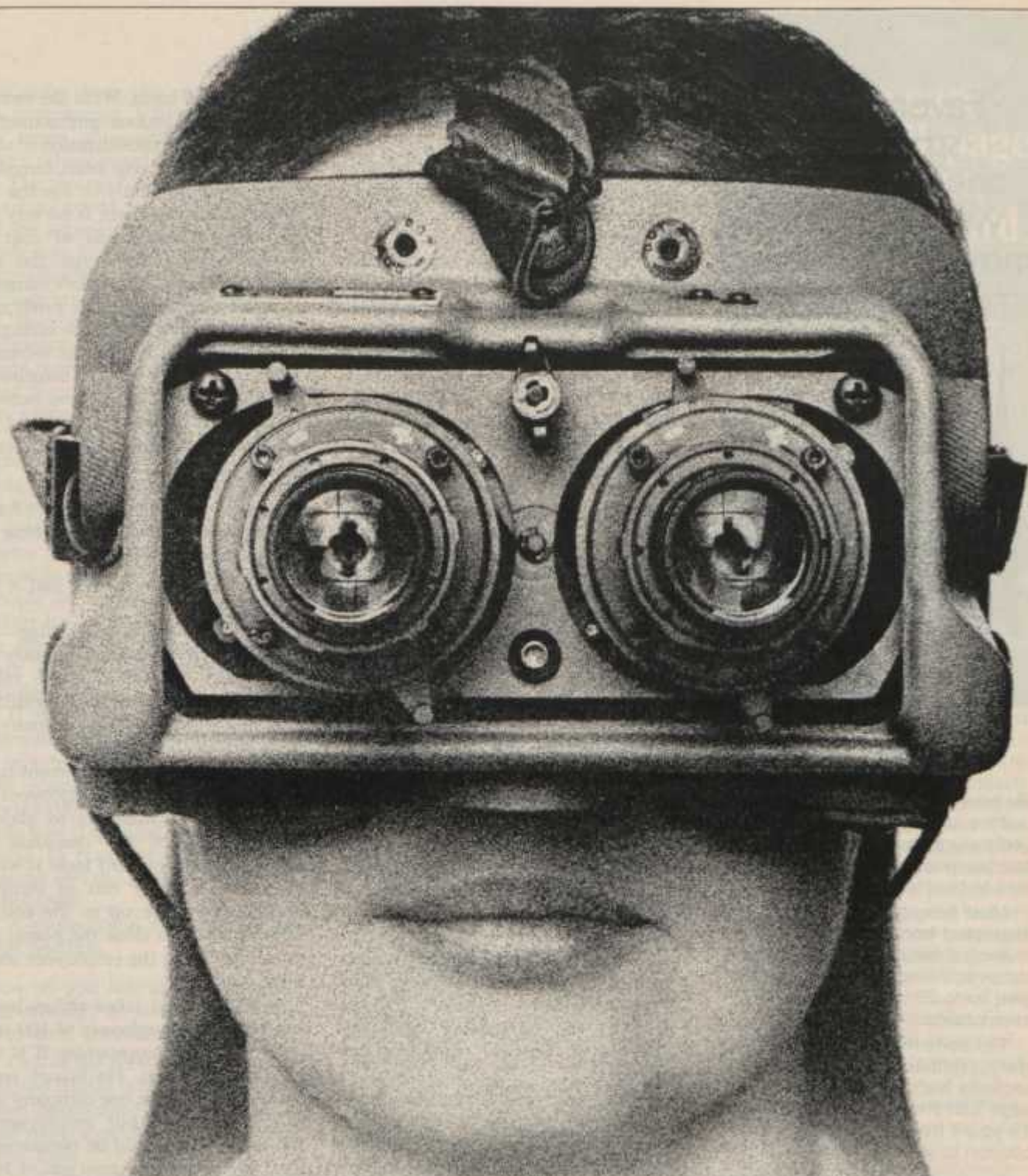
Long active in business community affairs, Mr. Morrison believes that "perhaps at no other time in recent memory" has there been so much "need for strong and imaginative participation and leadership on the part of businessmen."

Chairman of the National Chamber's Executive Committee this year is Edward B. Rust, president, State Farm Insurance Companies, Bloomington, Ill.

The National Chamber's Treasurer is William K. Eastham, president, S.C. Johnson & Son, Inc., Racine, Wisc.

Vice Presidents are: David L. Grove, vice president and chief economist, IBM Corp., Armonk, N.Y.; Eugene B. Sydnor Jr., president, Southern Department Stores, Richmond, Va.; Herbert S. Richey, president and chief executive officer, The Valley Camp Coal Co., Cleveland, Ohio; Daniel L. Goldy, president, International Systems & Controls Corp., Houston, Texas; J.D. Anderson, president, Guarantee Mutual Life Co., Omaha, Nebr.; and Marion M. Fidler, chairman and chief executive officer, Mountain Fuel Supply Co., Salt Lake City, Utah.





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## Charles H. Smith Jr. *continued*

are by and large saying: "But we don't want inflation. Let's legislate against inflation."

However, they are unwilling to do the principal thing that really has to be done to stop inflation—bring the budget into balance.

They say: "We can stop inflation by freezing wages and prices."

You can't! You cannot have, year after year after year, a large federal deficit without having inflation, and it is criminal to have responsible people in Congress try to blame inflation on business—as some do—when it is they themselves who are creating inflation.

*What about the labor factor in inflation?*

The labor factor is very important.

We learned in this country many decades ago that a monopoly is dangerous to the public good. Yet we have created, in the labor policy of the United States, the biggest monopoly of all—organized labor.

Our laws literally legislate a monopoly position for organized labor. Once a union has been certified to represent the employees of a company or a portion of a company, neither the company nor its employees can deal with anybody else.

This monopoly power of unions has been augmented by a number of other steps taken by the government—such as welfare, food stamps and so on for strikers. These steps have completely destroyed the balance at the bargaining table and threaten to destroy collective bargaining.

The threat of a strike used to be the ultimate concern of both parties. The employer knew that if his employees went on strike he would have severe financial losses, and the employees knew that if they went on strike their income stopped.

In the last seven or eight years labor unions have learned to use the government purse, the public purse, to subsidize strikers, so there is no longer the same economic pressure on employees to get a strike settled. Economic pressure to settle a strike is primarily on the company only.

Now, every time the cost of labor goes up at a rate faster than productivity, prices have to go up to cover

the increased costs. With the monopoly power of unions augmented by the government subsidization of strikers, wage rates have been forced up faster than productivity for the last several decades. There is no way you can cover these kinds of cost increases except to charge the customer for them. They can't come out of profit margins because profit margins aren't anywhere large enough to cover these substantial cost increases. After all, the cost of somebody's labor represents somewhere between 70 per cent and 90 per cent of the total price of almost any service or product.

*We hear your company hasn't had a strike since World War II. How do you feel about strikes?*

Well that's wrong. We had a bad strike in 1971.

Any strike is a bad thing—but sometimes it becomes necessary for a company to take a strike rather than agree to establish conditions that might destroy the company, or some part of the company.

Every company management has a responsibility to its employees as well as its stockholders to stay in business, and if the demands are such that management feels it would take the company out of competition, it must face up to the end result, which is to close the plant; and this is not what the employees really want.

A professional labor union leader can represent employees of 100 companies or 1,000 companies if it is a big enough union. He is not really concerned whether one company goes out of business, but employees of that company should be concerned if their own employer goes out of business. Certainly the management, if it is doing its job properly, must make sure this doesn't happen.

*How do you feel about the trend, which we have seen in some big industries, to go to binding arbitration?*

I don't think it is a good thing, because I don't see how management really can turn over to an arbitrator a decision that could mean the end of a company's existence.

One place where we have seen this in use, and a lot of people say it is



the only thing you can do there, is in government. I like to think of it in terms of something small; let's say a school board.

The voters of a school district elect a school board to handle the business of the schools, and at the same time they vote taxes to pay for the cost of operating the schools. Those two decisions are very directly related.

Now, when a teachers' union or whatever comes along and says: "We want more," they are in effect saying that they want more than the voters are prepared to give them.

If you turn it over to a professional arbitrator, you are saying: "You decide whether the voters are correct or the union is correct."

You are in effect putting the arbitrator in a position to overrule the decision made by the majority of the people as voters; and yet the arbitrator has no way to force the voters to approve the higher taxes necessary to fund the increased costs of his decision.

It is a little easier to see the problems in such a situation than it is in a private company. A school board is not concerned about profit. But a corporation management has to decide how it is going to grow, how it is going to continue to serve its customers and the general public and its employees.

A professional arbitrator is not in that position.

*How do you feel about business' responsibility in other areas—social problems, community affairs?*

One of the serious problems in the United States is that government has been encouraged to enter into more and more elements of individual citizens' lives.

In a free society, problems should be solved to the maximum extent possible by nongovernmental citizens, if you will; and to the extent that we, as businessmen, are citizens, we ought to be involved in these things.

Very often business does form the organization and provide resources to get at some of these problems quicker than the average person could.

Most things can be done much more efficiently by private groups than by government.

Government is the most inefficient

method of accomplishing almost anything.

*In this vein of philosophy, what do you want most to accomplish in your tenure as chairman of the Chamber?*

I think business is greatly misunderstood in the United States. I think it is in a very serious position today.

This country has become great because of the free enterprise system, and this economic system is in great jeopardy at the moment. I would want to do everything I can in the next 12 months to try to reach the American people, as chairman of the Chamber's Board, to try to get the real facts about business better understood.

You know, business provides practically all the goods and services used in the United States. We have had a constantly increasing standard of living, so business must be doing something right.

Beyond that, we hear a great deal about the desirability of "full employment." All the jobs in this country are furnished by business and agribusiness. I know some people say government furnishes many jobs, but by and large business and its employees pay the cost of everything done by government.

Government can't really furnish anything to the people without first having taken it away from the people by collecting taxes.

I have no lack of faith at all in the wisdom of the American people to make the right decisions on any matter when they really understand the situation. I think they are being misled today, mostly out of the sheer ignorance of the people who are doing the misleading. These people are not purposely trying to destroy America. They are trying to improve

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## Charles H. Smith Jr. *continued*

it. But their actions are leading us in the wrong direction.

Business has not gotten its story across to the public. Actually, it isn't our story. It is the country's story and business has played a role in it. If this system is changed, it won't just hurt business; it will hurt everybody in the country. We need to get this story across. I know the Chamber has been working for years on this problem, and I am no savior who is going to come along with some brilliant concept that will suddenly improve this effort; but I feel that the time has come for a vigorously renewed effort to get across the fundamentals of the importance of a free economy. Once a free economy goes, freedom goes right with it!

This is something many Americans don't understand.

*Some people think that businessmen distort the public image of business by trying to exaggerate profits for the benefit of the financial community. We understand you have tried to get away from this.*

I have said publicly that it is unfortunate that too many businesses begin their statement to the financial community by talking about how much their earnings have improved over the prior year.

It may be true, but what they often fail to do in such a statement is say how poor they were in the prior year. Nobody likes to do that. Last year, maybe they just barely broke even, so when their earnings went up 200 per cent this year they still only got up to 2 per cent of sales or something like that.

But the public sees a 200 per cent increase in earnings and says: "My God. Look at the money they are making. Here I am with a 5½ per cent freeze on my wage increase and their earnings went up 200 per cent."

The public also doesn't understand what happens to earnings. There seems to be a feeling that all go into somebody's pocket. They don't. Profits are what keep business going, and make the funds available to expand, to build new facilities. The average cost of providing one job in the United States today is about \$27,000. There has to be \$27,000 of capital accumulated to create one job.

Now, the number of people seeking employment is expanding by millions every year. When you visualize this tremendous capital requirement, you realize it is absolutely necessary to have profits unless you want to give everybody a hoe and say: "Go out and start grubbing a livelihood on the farm." Even then they have to buy the farm.

When we have a profitable period in the United States, everybody is working and everybody is happy, and yet the politicians say: "Oh, isn't that terrible? Profits went up."

It should be the other way around. They should be standing up and cheering, because when profits go down unemployment starts and recessions occur. Somehow we have a strange group of politicians who say it is a good thing when profits go down and it is bad when profits go up. They don't really mean that because they are too smart not to understand, but they think it is good politics to attack profits.

*Do you feel businessmen should participate in politics?*

Absolutely! And they should be candidates for office, too.

Business is more affected by actions of Congress than anything else, and yet there are only a few businessmen among the 100 Senators. It is no wonder that many of the actions taken by our Congress seem completely strange and irresponsible to business; people with no background whatsoever in business are making decisions that have a huge effect on business. So while it is very hard to get businessmen to go to Washington, they ought to.

*Getting back to your own career, was there ever any doubt that you were going to come to the company, or did you yearn to be a violinist or something else?*

No, I don't think there was ever any doubt in my mind. Maybe it was the training that my father gave me.

Working for the company was certainly something I had very warm feelings about.

*You went to M.I.T. Why that route rather than finance or business?*

I have always felt that an engi-



neering education is an extremely useful background to have in any manufacturing company.

My degree is in general engineering. I spent more time in the metallurgical department, but I took a mixture of mechanical engineering, metallurgy and industrial engineering. I wanted a smattering of all of those things, because they are all important in our business. My father was an engineer. He was in the first class to graduate from Carnegie Tech in Pittsburgh.

*You became president at 22 when your father died. Were you scared?*

Certainly I was, but I felt, first of all, that there was a pretty good organization here I could have confidence in. I had to find out how to work with it.

I recognized that management people who had been here for 20 years, let's say, and were 20 years my senior, were justified in having some doubts about taking orders from a guy six months out of college. This required some tact, and I suppose wisdom, but I tried to learn as much as I could from my associates. I placed a great deal of confidence in them.

*How do you operate as an executive? Are you a goal setter?*

Yes, we set goals. We aren't arbitrary about it. We want a goal to reach for, but we realize we are not always going to make it, so it isn't the end of the world if we don't achieve our targets.

*Are your goals in your head or do you have them on paper, as some people do?*

We don't have a road map on paper that goes out a great distance. I had a personal ambition when my father died. I was going to try to make him proud of me and I visualized making this the best forging company in the business. I think we have done that.

As a commercial forge shop, we were dependent on economic cycles, and it was obvious we should find ways to level off some of the down cycles.

So we diversified geographically as far as we could within the United

States in our field, and then we began to look outside the country.

*How did you choose Brazil, which is such a great market?*

Along about 1955, people from Willys Motors in Toledo came over and said: "We are now owned by Kaiser, and Kaiser is building an automobile plant in Argentina. One of the things that is badly needed is a forge shop. Are you interested?"

We answered that we might be. But before we really got very deep into it, a revolution occurred in Argentina and we put the idea aside.

A couple of years later, a machinery supplier was here and said: "Chuck, there is a tremendous requirement for a forging plant in Brazil." So I went down to Argentina and Brazil.

We eventually negotiated an agreement with Kaiser in Argentina to build a forge plant for them and put certain equipment in it.

Then we turned to Brazil, which was more complicated.

After a long time, we put together a company involving American Brake

Shoe, which is a large United States company now called ABEX, and a Brazilian company. We got some help from the Brazilian government, but a great deal of the money came from ABEX, and the equipment and know-how from us.

The Brazilians wanted to use an American name because the customers were going to be primarily American. They chose SIFCO, which was not the name we were then using in the United States, but was a shortened form of Steel Improvement and Forge Co., so SIFCO do Brasil became established.

A number of years ago, our company and our Brazilian associates bought out the ABEX interest.

*What has been your most important decision?*

One of the most important decisions I ever made was in 1963 when I accepted an invitation from the Chamber to take part in the United States Employer Delegation to the International Labor Conference. That showed me there was a great, big, wide world outside the U.S. and first

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Smith



A high degree of skill is needed behind the scenes at SIFCO before the huge forges hammer out an endless variety of products. Here, Mr. Smith confers with Kenneth Jackman, chief plant engineer, as he often does.

PHOTO: YOUNG & RUBICAM

## Charles H. Smith Jr. *continued*

gave me the idea that maybe we could do business internationally.

Another of my better decisions was when I said to our board: "If we are going to go into South America, we must go into Brazil."

Our Brazilian company is now bigger than all of our operations in the United States put together and it has shown no signs of slowing down.

*Japan and India followed Brazil?*

Yes. I first became involved in India about the time we were investigating South America. One of my friends had been in India and ran across an individual who was trying to get a forge plant started.

We worked out a technical assistance agreement with a company known today as Bharat Forge Co., Ltd. Bharat is a name in India which has the same significance as "American" here. You find a lot of Bharats in India.

*Is it a profitable venture?*

It has taken a long time, but it is profitable today.

*How about your Japanese venture? Is it a forge shop?*

No, it is in the field of electrochemical.

*Is the electrochemical machining process an important part of your company's success here?*

It is important, yes. The big blades used in gas turbines for power generation could not be made economically today except by this electrochemical machining process. The most economical way of making a turbine blade is to precision-forging it. By that I mean to finish the shape and size and tolerance in forging presses. But forging presses are very expensive compared with forging hammers. As they get bigger, the cost goes up geometrically.

No one has built a precision forging press to date large enough to make one of those really big blades,

so a blade is necessarily forged "rough." That leaves metal which must be machined off to get the finished tolerances and shapes. This can be done by other kinds of machining equipment, but it is very expensive compared with the electrochemical machinery.

A significant part of our backlog involves this kind of work, which we could not do if we had not developed this capability.

*Is there any one product that has been more important to SIFCO's success than all the rest?*

I think the most significant was the turbo supercharger turbine wheel we developed in the early stages of World War II. I did my thesis on it in college, as a matter of fact. The problem was how to get a piece of metal to stand up under the beating it took. It was operating at temperatures around 1,350 degrees Fahrenheit, and at 28,000 RPM.

After I became president of this company, we were making all the turbo supercharger wheels in the country. There were a lot of them because they were used in all the military planes.

Late in the war, I remember going up to the General Electric plant at Lynn, Mass. The GE brass took me into a special section and swore me to secrecy and said: "Now, that last turbine wheel you made for us, that is not for a supercharger."

"What is it for?"

"That is for a jet engine."

"What the devil is a jet engine, sir?"

"It is an aircraft engine without a propeller."

That came as a shock to me. I had never heard of such a thing. I couldn't imagine an airplane without a propeller. Nor could anybody else, except some very imaginative people. **END**

REPRINTS of "Lessons of Leadership: Part CVIII—Charles H. Smith Jr. of SIFCO Industries" may be obtained from Nation's Business, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each. Please enclose remittance.



# MONEY...How to Save it and Raise it

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## How to form your own corporation without a lawyer for under \$50.00

by Ted Nicholas



You may have considered incorporating. I'm sure you want to accomplish this in the most economical way. You may already be in business and are looking for ways to save tax dollars or limit personal liability.

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How to own and operate a corporation anonymously if desired. This assures maximum privacy.

How to form a non profit corporation. How to utilize tax "gimmicks" to personal advantage.

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"The book is excellent, clear, concise, and enlightening. It opens to the 'little guy' in business, a whole new dimension of business opportunities. Thank you for making it available."

Stu Sinclair, President, CWCA Inc., Ohio

"I have found your corporation services to be quite useful and have recommended your services to an international loan market composed of finance consultants from America and Europe which I happen to be head of."

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## Where the money is and how to get it

by Ted Nicholas

First Printing, September 1973

In order to succeed in business you will need to raise capital.

If you are seeking capital for your business (or business idea), scholarship funds or a research grant, this book is a must. It is a comprehensive manual of capital sources and how to go about successfully raising money.

The author shares his personal experiences with raising money for his ventures.



There are thousands of money sources contained in this book who are anxious to advance you the money you need. Billions of dollars are available. Over 2,000 money sources.

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How to use other people's money to build your business.

How to franchise your business and raise capital.

How to negotiate a loan with a bank and a list of 96 commercial banks who actively loan money to businessmen.

How to sell stock in your corporation to raise capital.

How to conduct a private stock offering. No S.E.C. registration required.

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How to advertise in your local newspaper to attract investors.

227 Small Business Investment Companies, licensed by the federal government with name, address, phone number and individual to contact. These companies are excellent sources of venture capital.

### ABOUT THE AUTHOR

Mr. Nicholas has been to the White House to personally meet with the President of the United States after being selected as one of the outstanding businessmen in the Nation.

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Each year, the Distributive Education Clubs of America, Inc., hold a colorful meeting, like this one in Atlantic City, N.J., where award-winning chapters and individual students in the DECA program are presented with Oscar-like trophies.

## Reading, 'Riting, 'Rithmetic—and Profits

Imaginative programs outside the schoolhouse are aimed at giving youngsters the real story of business; but are the kids getting the message?

Millionaire Morgan Maxfield, 32, was the head of a successful firm before he was old enough to shave.

At 14, he was president of the Dallas Bread Board Co., Dallas, Texas. He and a group of other teenagers created the company as a Junior Achievement project.

They elected officers, formed a board of directors, picked a product, peddled stock, went into production—then started selling.

"We didn't have a product that should sell like hotcakes," says Mr. Maxfield.

But sell bread boards they did.

The firm ran away with all the sales records for Junior Achievement companies in its area. It won a Dallas JA Company of the Year Award.

"At the end of the school year, we liquidated the company," says Mr. Maxfield. "For every \$1 share of

stock we sold, we paid back \$2.50."

This experience changed his life.

In 1962, he left Wheaton College, Wheaton, Ill., with a degree in chemistry and physics. "I sat down," he recalls, "and said to myself: 'Where can a guy like me, with a sheepskin but no money, go out and make some?'"

Instead of looking for a job, he decided to go into business on his own.

Finally, he decided where the best opportunity lay.

### The road to riches

"I looked at the Interstate Highway System that the federal government was pouring billions into," he says. "It was taking land 40 minutes from Dallas and putting it within 12 minutes of downtown, by building big, six-lane superhighways. The same was true of other cities.

"That land, especially at the interchanges, had to be a great investment.

"I went out and sold that concept to some wealthy oilmen. In 1964, we formed a land development company.

"By 1968, I had more money than I knew how to spend."

Now president of a new firm, Great Midwest Corp., he intends to duplicate, in Kansas City and elsewhere, what he did earlier in Dallas.

To what does he owe his success?

"Junior Achievement," he says. "It gave me a practical understanding of the free enterprise system. What I learned there, as a 14-year-old, made my business career possible."

Junior Achievement Inc., New York, N.Y., has grown steadily since it was founded in 1919 by Horace Moses, president, Strathmore Paper Co., Springfield, Mass. Twenty years



ago, active high school Junior Achievers numbered 20,158. Ten years ago, they totaled 93,664.

This year, 175,000 of them were learning the corporate facts of life by forming a company and running it.

The Chamber of Commerce of the United States also has long encouraged businessmen, associations and state and local chambers to help raise the level of economic literacy among America's young people. Its role is to guide, stimulate and advise—especially in the use of business symposiums to reach high school and college students.

### Aim: the Three M's

Distributive Education Clubs of America, Inc., headquartered in Falls Church, Va., is active in this field, too.

"We work through the public schools to attract young people to careers in marketing, merchandising and management," says Harry Applegate, executive director.

DECA draws its members from youngsters taking distributive education courses—the "three M's." Originally, its clubs were organized to provide some social activity for students with part-time jobs.

"They were too busy for the usual high school high jinks—the football rallies, basketball games and school dances," says Mr. Applegate. "But the clubs soon added another role—promoting understanding of our free enterprise system and the duties of a citizen in it."

Club members are encouraged to work part-time. They get academic credits for doing so, as well as pay.

"DECA serves as a liaison between students and employers," Mr. Applegate says. "It also sponsors 18 national contests each year for DECA chapters and individual students in the program."

Last year, the DECA chapter at Cardinal Stritch High School in Oregon, Ohio, a suburb of Toledo, won the national award for the most outstanding chapter program in the United States.

"The purpose of the contest," says Pat Di Placido, the Toledo public schools' superintendent of distributive education, "is threefold: Encourage local DECA chapters to plan a



Students at Grand Rapids High School listen intently to a speaker from the Michigan State Chamber of Commerce at one of many symposiums it holds to educate young Americans about economics.

yearly program of activity; encourage development of leadership, fellowship and *esprit de corps*; give special recognition to those chapters which fulfill the aims and purposes of DECA to the highest degree."

The distributive education program, he explains, is a public school program. But in Toledo, students from Catholic high schools may also attend these classes.

Cardinal Stritch High School, he adds, is a Catholic school. Students leave there at 11 a.m., walk three blocks to Morrison R. Waite High School, take two hours of class, then go to their part-time jobs.

### A series of challenges

To win the top DECA award a chapter must meet 15 challenging requirements.

"For example," says Mr. Di Placido, "one is an outside DECA activity that is helpful to the community."

"Shoplifting had been a problem in Toledo."

"So the kids from the Cardinal Stritch chapter held seminars in 15 Toledo high schools, and 27 elementary schools, to discourage shoplifting by explaining how serious an offense it is."

"It took them two months to make the rounds of all 42 schools."

"In addition, each competing DECA chapter must put on a marketing development project. It must take a product or service, not previ-

ously available in the community, and market it.

"This is to show marketing skills."

"The Cardinal Stritch group made a survey to see if there was a demand for 24-hour banking."

"They found there was, and two local banks—the First National Bank of Toledo and Lucas County Savings Bank—made the service available in about 10 locations."

### Teaching the teachers

The New York-based Joint Council on Economic Education, which also promotes knowledge of what private enterprise is all about, takes a different tack than DECA.

It works with teachers, instead of students.

"We have state councils in 46 states," says Dr. George L. Ferish, associate director. "Every summer, they hold about 70 workshops attended by about 3,000 teachers. This program has been going on for 20 years."

"Our objective is to teach youngsters—from kindergarten through the twelfth grade—about our economic system and their part in it. We feel the key is building up the economic background of the teacher."

The Texas Council on Economic Education, an affiliate of the Joint Council, has a program that ranks with the best.

"It has been in operation since 1968," says Executive Director Thomas C. Holland. "It's supported





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## Reading, 'Riting, 'Rithmetic— and Profits *continued*

by individual and corporate memberships, plus an occasional foundation grant."

The Texas Council can reach about 4,000 to 5,000 teachers a year through seminars and summer workshops.

It operates five university-based Centers for Economic Education—which provide training for student teachers as well as those already in classroom work—plus four Development Economic Education Programs.

DEEP centers rewrite school courses to integrate economics teaching into them.

### Do they really know?

"We also have a very promising educational TV program in economic education," Mr. Holland says.

"The Chamber of Commerce of the United States financed a 28-minute pilot film with a grant of \$96,000. This film deals with profit—why it's necessary and what it does for the American economy.

"The title is 'Everybody Knows What Profit Is.' But, of course, few people do.

"We hope to get a series of 30 such films, each dealing with a separate, but related, economic concept. We plan to have the films used on educational TV and put on videocassettes for classroom work.

"A curriculum guide will go with each program to integrate it into classroom instruction."

In addition, the National Chamber fosters symposiums, sometimes called dialogues, at the college and

## WHERE YOU STAND

Here is how people rate the "prestige or general standing" of jobs in business and eight professions, according to the Opinion Research Corp.

The 1972 ratings represent findings of a national survey it made in that year—they are percentages of people who said they considered each occupation "excellent," "good," "average," "below average" or "poor." The 1972 total score represents the averages of the ratings, with excellent equaling 100; good, 80; average, 60; below average, 40; and poor, 20. The totals for 1963 and 1947 represent findings of "comparable" surveys.

Occupation	1972 Ratings					Total Scores		
	Excellent	Good	Average	Below Average	Poor	1972	1963	1947
1. Physician . . . . .	66	26	5	1		90	93	93
2. Scientist . . . . .	59	27	8	1	1	86	92	89
3. Minister . . . . .	44	36	15	2	1	83	87	87
4. Engineer . . . . .	40	43	13	1		83	86	84
5. Lawyer . . . . .	44	36	14	2	1	82	89	86
6. Architect . . . . .	40	42	12	1		81	88	86
7. Banker . . . . .	33	47	17	1		81	85	88
8. Accountant . . . . .	29	46	19	1	1	78	81	81
9. Businessman . . . . .	20	52	24	1	1	77	80	82



high school level. Their purpose: To expose students to the philosophy and principles of a free market economy by providing an exchange of ideas between businessmen and students.

At the college level, the program has been in effect for about 10 years; at the high school level, about six.

Sponsors are state and local chambers of commerce, associations and other business or professional groups. The National Chamber furnishes a proven format, guidance and, on occasion, speakers.

Are these efforts to teach young Americans about the free enterprise system really sinking in as often as they might?

Junior Achievement has some statistics that may give a clue.

"How much profit does a businessman make on a \$1 sale?" it recently asked youngsters who had gone through the JA program.

From 3 to 6 per cent, 56 per cent of them estimated.

That's close to the real figure, JA points out.

For manufacturers, it's four to five cents per dollar.

By contrast, adult Americans, in one survey, came up with a median estimate of 28 cents profit on a \$1 sale.

### Economic illiteracy

But other experts aren't so sure that these efforts to wise up young Americans are extensive enough to make much of a dent.

Says Glen E. Nielson, board chairman, Husky Oil Co., Cody, Wyo.: "When it really comes down to details like profits, most Americans are economically illiterate."

His company, too, has a program geared primarily to raising this level of literacy among high school students.

But much more needs to be done, he believes.

Frohman Johnson, manager, government and economic education, Michigan State Chamber of Commerce, agrees with the Wyoming oilman. The Michigan State Chamber and the Metropolitan Chamber of Commerce of Warren, Mich., started a highly regarded series of business symposiums, mostly for high school

students, in 1964. Last year, some 3,200 attended.

Yet, Mr. Johnson says: "The kids today know nothing about economics. They confuse markup with profit, and make other basic mistakes. Their concept of profit is ridiculous. Still, once they learn a little about our economic system, the profit they suggest as reasonable is often far higher than is usually made."

To find out what the young really know about private enterprise, the Michigan State Chamber sent questionnaires in 1971 and 1972 to some 25,000 high school seniors. More than 5,600 replied. The results were published in a booklet called "Youth Views the Business System."

Three out of four thought a "fair" business profit would be 5 per cent to more than 25 per cent of sales.

### A chairman might weep

But what you learn when you read on is enough to make a board chairman weep.

Seventy-three per cent believed manufacturers make 8 to 25 cents in profit on every \$1 of sales.

Nine out of 10 thought corporations pay only 5 per cent of their profits in taxes, but should pay 40 per cent.

"The 1971 average in taxes paid was 44.7 per cent," the Michigan Chamber points out.

Half the students thought the government should control profits and wages. Seven out of 10 felt it should control prices.

When asked: "Do you plan to pursue a career in a business firm?" 63.3 per cent said No.

The State Chamber's comment: "It looks as if welfare rolls or government employment will be overloaded with applicants."

How come the students are so dumb about business?

They may have answered that question themselves.

"In your opinion," the questionnaire asked, "do your studies in economics in your school provide you with sufficient understanding of the American economic system to enable you to participate successfully in it?"

Answer: 60.8 per cent said No.

END



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The National Chamber has developed a PROFIT KIT in response to the frequently expressed need for a more rational public attitude toward profits.

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Profits, especially, are the target for criticism and misunderstanding. An Opinion Research Corporation Survey revealed that when manufac-

turers' after-tax profits were only 4%, the public believed them to be an unheard of 28%!

The accurate story about the market system does not "speak for itself." We have to speak for it. The key message is one that everyone ought to know and remember:

**WE ALL PROFIT FROM PROFITS.**

The kit contains:

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merce or association newsletter, or your local newspaper.

- Posters, explaining the role of profits for company bulletin boards.
- Payroll or invoice envelope stuffers with a message about profits.
- A 12-page booklet for employee reading racks and schools which explains the functioning of the enterprise system.
- Suggested radio messages.
- Lapel buttons inscribed with "Profits=Progress."
- Bumper stickers reading: "We All Profit From Profits."



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# How to Make Your Voice an Asset

*Steve*

Your best friends won't tell you, perhaps, but your tones could be letting you down

Like bad breath, a bad voice can turn people off—customers, everyday associates and superiors.

On the other hand, if it's well-modulated, speech can attract, can generate good relationships in business as in other areas of life.

Consciously or not, we react to voices: adversely to a whine or an edgy twang, favorably to full, rich tones. Even when the characteristics aren't pronounced, we might say of the guy in the next office, "There's something about his voice that—."

So if you want to sell yourself, your ideas and your wares, be sure your voice mirrors your best traits. Don't let it sell you short.

What "how we speak" amounts to is a combination of pitch, loudness, speed, accent and articulation.

If you want to find out if you have the right combination, you can do so without too much trouble—if you're willing to listen to yourself critically. Just use a tape recorder.

But before checking out your voice, consider the general origin of speech characteristics. The principal conditioner, of course, is environment, both broad and limited. For example, we speak English because we live in the United States. But we're all aware that Bostonians don't sound like Texans or Oregonians.

Narrowing the environment, we find that the family is the principal author of our individual vocal characteristics. Young children sound like their mothers because they're closest to them during the formative years. A youngster imitates Mom's pitch, speed, accent and the rest. Girls usually continue the pattern. Boys, after their voices have changed and they've begun to

*JOHN TOMS, author of this article, is a professor at Oklahoma's University of Tulsa who has helped many people to deal with speaking problems. He has taught singing and allied subjects, such as diction, for 42 years, and presently is also music critic for the Tulsa Tribune.*



*A way to self-confidence*

CHARLES K. DUNN

*my own 5-2-74*

associate low-pitched voices with maleness, tend to imitate their fathers.

If Mom chatters in a shrill voice, it's safe to bet her children do. If her voice is low in pitch and sympathetically firm, that sound will be reflected.

I was confronted with an awkward case of imitation once when a mother indicated to a laryngologist great concern about her high school daughter's voice. They were sent to me. The girl's voice was unpleasant. But how was I to tell the mother she was hearing a reflection of herself?

I didn't. Instead, I tactfully ducked the issue and went to work trying to improve the girl's voice. It did improve, though not as quickly as it might have if there had been no bad example at home.

Another time, I came across an uncommon circumstance: A 10-year-old girl with a healthy larynx was imitating a mother whose abnormal quality was the result of chronic infection.

On the male side, if a father barks in a harsh, braggadocian manner, his boys will ape him. But if Dad shows poise with unhurried, articulate speech, chances are his boys—perhaps the whole family—will copy it.

## It's not the real "you"

Summed up, the speaking voice you use isn't necessarily "yours." It's more apt to be an imitation. As such, it doesn't represent the most efficient use of your vocal mechanism. Nevertheless, you're used to it and identify with it.

But what about others? Business associates? Are they attracted, or do they back off when you speak?

Two disturbing vocal characteristics often found together are high pitch and loudness. Although the combination occasionally indicates the speaker has suffered a slight hearing loss, it is more often the result of habit.

To control loudness, listen carefully and compare





*You can train your tones*

your voice with those of people around you. If your voice dominates, soften it. You'll be heard. You'll probably even win more attention.

Then follow through. Check loudness regularly. If you pin your ear to it, you'll avoid the old aggressive level.

Remember, it's not a one-day deal. However, when you can keep a tight rein under pressure—and that's when a cool voice counts—you're in business. Don't copy the cleric who wrote in the margin of his sermon, "Argument weak. Yell like hell."

For pitch, use a piano in testing yourself. Say aloud a short phrase such as "I see," or "Let's go," as you would in vital conversation. Speak firmly, and repeat the phrase several times. Finally, sustain the last syllable. As you hang on, locate the matching pitch on the piano. If your ear isn't too sharp or you're not familiar with the keyboard, get some help.

If the pitch is F below middle C or above the F, your voice is probably pitched too high. Keep in mind, of course, that we're considering basic pitch only. Inflections that make speech meaningful and interesting create higher and lower variants.

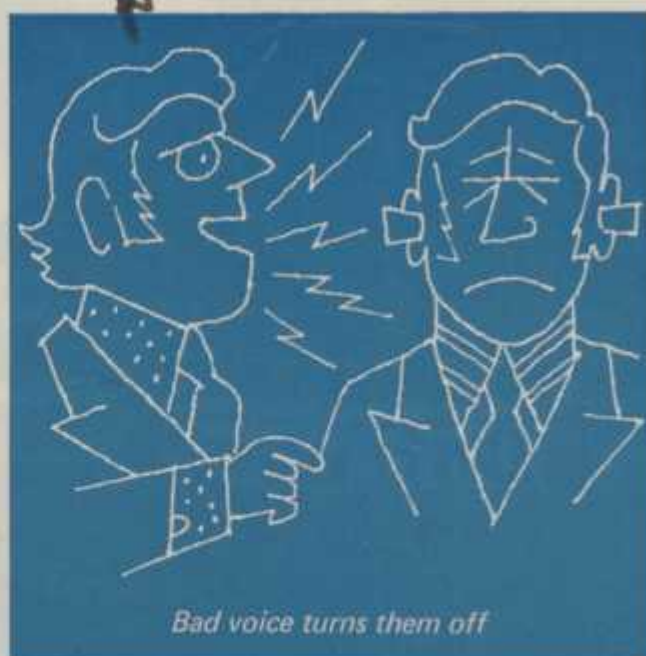
Nevertheless, it's generally agreed that although the basic pitch may be acceptable when it's as high as the E-flat below middle C, male voices sound best in the area of the lower C.

To gain a basic pitch near C—if you find you're too high—use the piano again. Strike C, match it vocally and then intone a short sentence without varying the pitch.

Repeat the exercise. After several tries, use the same sentence and include appropriate inflections. Speak, however, so the pitch of most syllables matches C.

Angle for pitch consciousness. It may take a while. You're changing a habit, and it won't happen overnight. But keep in mind that you're out for clout.

When male voices have a basic pitch below C, there's an added value. Low voices can be counted on



*Bad voice turns them off*

to be particularly effective, provided they're innate and don't sound forced.

Here a word of caution is needed. Low pitch can be exaggerated. The man who contrives a pitch below that which conforms to the size of his larynx is deluding himself. He may think he's being authoritative, but because the gravelly sound isn't "his," it fails to produce the desired effect. It's usually recognized as unnatural.

Worse, the contrived pitch can bring on serious problems. It invites chronic hoarseness. Occasionally, vocal nodules result—tiny lumps on the edges of the vocal cords. Caught in time, they may recede if complete silence is practiced for a few weeks. If they don't—surgery.

A lawyer I saw not long ago had had nodules caused by feigning a gruff voice. He was lucky; they receded with rest. But when I tried to persuade him to alter his basic pitch, he'd have none of it. He was sure that any change would jeopardize his courtroom effectiveness. He's in for trouble.

I once worked with a boy who, according to a physician's report, had a collapsed vocal cord—the result of forcing his voice to speak in a low pitch. He had been a reluctant soprano in a boy choir, and to counter the stigma he had faked an adult voice.

Women can follow similar procedures to men in testing pitch, but using middle C as the norm. For them, there is magnetism in pitches below middle C.

### **Talking through your nose**

Quality is also related to pitch. High-pitched voices are inclined to be thin and nasal.

For the most part, vocal sound is improved when emission is limited to the oral cavity—except for m's, n's and ng's.

To learn whether your voice is predominantly nasal, hold your flattened hand horizontally and place the index finger lengthwise on your upper lip. Then talk:





## Time's Running Out

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Through Trade and Professional  
Associations

## How to Make Your Voice an Asset *continued*

The gimmick will help you focus attention on the source of sound. If you find the sound focused primarily above the level of your hand, fuss with it until it originates in your mouth. Again, m's, n's and ng's excepted.

Warning. Because you are used to the sound of your voice, any change of quality will sound phony. Notwithstanding, persist. Keep the new sound—which will have, or seem to have, a lower pitch—in mind. Try it at home where you won't be self-conscious. Add a 10-minute practice period to your day, and the nasal twang will yield.

Once you have denasalized your speech, you'll find it more pleasant, and you'll be better understood. You will also find that what you say will carry more weight, since a richer quality suggests poise and know-how.

Then there's tempo. The person who rattles on at a fast clip is invariably hard to understand. Speed prevents essential articulation. It also has an adverse effect on pitch. As speed increases, pitch rises.

Also, overly fast speech suggests lack of poise—bad in business.

Insecurity, competitiveness and out-and-out habit are all factors in rate of speech. What can you do about yours? Be aware of it. Continually remind yourself that a desirable tempo will permit flowing, well-phrased, well-enunciated—not fussy—speech. And used skillfully, an appropriate tempo is a way to self-confidence.

And then there's breathiness. A university professor I know thought he had cancer of the larynx because of hoarseness that came on when he lectured. He insisted on a biopsy.

Cancer wasn't the problem. His voice was breathy, the result of too little tension at the vocal cords allowing breath to escape during speech. He had to learn to speak with a firmer, more vibrant tone.

Another point: Accent—verbal stress and not accent related to a foreign language—has its place in meaningful speech.

There are times when sharp emphasis is appropriate, provided it isn't prompted by anger—obvious or suppressed.

But an accent brought about by a slight lengthening of a syllable can be even more expressive and effective. Carefully and sparingly used, stress by length serves to give force to speech.

If you decide to take a crack at analyzing your voice—and most of us should—keep this in mind:

A voice that is low yet not guttural, clearly defined yet not nasal, a voice that is representative of the efficient use of your vocal musculature at a moderate tempo with meaningful accents, can really boost your stock.

END

REPRINTS of "How to Make Your Voice an Asset" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each. Please enclose remittance with order.





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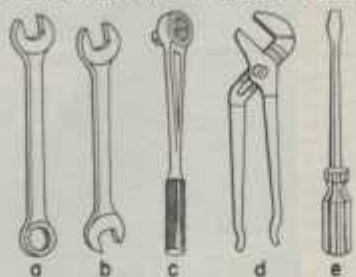
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## The World of Industry

*continued from page 10B*

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### Paper Pulp Could Stem From Plants

While the forestry industry has been creating supertrees that grow to maturity in about half the time of ordinary woodland varieties, Agriculture Department scientists have been looking at plants for an assist in solving the paper pulp shortage.

The Department's Agricultural Research Service, which has been studying the rapid-growth kenaf plant at various test sites throughout the nation, reports it is a "promising new annual source" of pulp.

Kenaf plants grow in Africa, Central America, parts of the Soviet Union and other temperate and tropical climates in a wild or cultivated state, reaching heights of 12 to 20 feet, depending on climate.

Paper pulp can be made from the woody stems. ARS scientists say more than 20 tons per acre of kenaf could be expected in southern Florida and Texas, and 10 to 12.5 tons per acre as far north as parts of North Carolina, under good cultivation conditions.

In colder climates with shorter growing seasons, the yield drops. A test at Rosemount, Minn., recorded only 2.8 tons per acre.

Dr. George White, chief of an ARS laboratory studying the plant, says it's too early to make glowing predictions, but he notes that good forest management can on the average produce about three tons of wood pulp per acre. The kenaf could be expected, under good conditions, to do four to six times better, he says.

Meanwhile, in another development, Georgia-Pacific Corp.'s Toledo, Oregon, mill recently announced that since 1958 it had produced four million tons of paper pulp—without harvesting a single acre of trees.

Most of Georgia-Pacific's two million annual tons of pulp now comes from what once would have been logging wastes. •





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But Pennsylvania took the lead. And now Pennsylvania is reaping the benefits. Deficits have been wiped out. The budget is balanced.

This time the decision was a very popular one. Taxes were cut, both individual income tax and corporate net income tax.

And the timing was perfect. Especially for those thinking of moving their business to Pennsylvania or expanding an already established one. Of course, inflation is still a problem

everywhere. But doing business in a state that has already achieved fiscal stability, provides business with a far better environment in which to grow.

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# The Climate Abroad: The Philippines



Modern Manila is a contrast to this statue of a carabao, the Philippines' old beast of burden.

It is timely for Americans to take a good look at the Philippines—a country which was under United States rule for nearly 50 years and whose people during World War II fought side by side with America against a common enemy.

Granted independence in 1946, the Philippines, with our help, tackled the massive rehabilitation effort required to rebuild its war-shattered economy and, in the ensuing years, has demonstrated the capability of standing on its own feet.

We are now witnessing a remarkable period of transformation, indeed a virtual metamorphosis, of a country and people. In an astonishingly short period, the Philippine government seems to have come a long way toward establishing a permanent foundation for what is known as the "New Society." This great undertaking of "transforming a society that had been stunted and malformed by centuries of foreign domination"—as Foreign Secretary Carlos P. Romulo put it in a recent speech before the United Nations—began 20 months ago when, faced with increasing anarchy, President Ferdinand E. Marcos proclaimed martial law.

*Prepared in cooperation with the American Chamber of Commerce of the Philippines.*

It was, to quote Secretary Romulo again, "a realistic response to a compelling need for revolutionary change. The old political framework, transplanted from the West, had proved inadequate in satisfying the aspirations of our people for economic and social justice."

There was no doubt about the steady decline toward anarchy before the imposition of martial law on Sept. 21, 1972. Demonstrations and terrorist bombings had become a daily occurrence. The air was thick with talk of violent revolution. While a communist-inspired underground army was getting ready for a "revolutionary situation" in Luzon, and a secessionist movement was collecting arms and gaining adherents in Mindanao, almost everything that the government did was placed in a bad light in the vociferous Manila press. The situation was compounded by the occurrence of one of the worst floods to hit the country in decades.

The proclamation of martial law was thus a defensive act under the Constitution to achieve two principal objectives: Restore order and institute drastic social, economic and political reforms.

Though it has been less than two years since that proclamation, already, one traveling to the Philippines cannot help but sense the new wave of popular confidence surging through the land. The economy having been roused from the doldrums, all the indicators are up—and rising still, in spite of the global energy crisis and inflationary pressures. To businessmen, perhaps the most significant accomplishment under martial law in the Philippines has been the synchronization of government economic planning. The National Economic and Development Authority has prepared a four-year development plan which now serves as a guidepost for all developmental activities.

The government has designed particularly a program of incentives for foreign investors. The Investment Incentives Act and the Export Incentives Act have been amended to lib-

eralize conditions for the entry of foreign investors into pioneer and preferred industry areas. There is also a set of rules guaranteeing repatriation of foreign investment earnings and remittance of profits and dividends. Foreign banks may now invest in equities of Philippine banks. A Presidential decree was issued specifically prescribing incentives to attract multinational companies into setting up their regional headquarters in the Philippines.

Here are some of the country's outstanding achievements so far:

1. Foreign exchange reserves have risen to an all-time high of nearly \$1 billion, compared to an all-time low of \$137 million in February, 1970, when the peso was floated.
2. Growth of the gross national product rose from a 6.5 per cent rate as of mid-1973 to 10 per cent as of the end of the year (total value: 39.6 billion pesos, or \$5.9 billion). This was a dramatic recovery from the 4.2 per cent growth rate registered in 1972 when the disastrous flood damaged crops and production facilities.
3. Exports rose to an estimated \$1.8 billion in 1973, 63 per cent above 1972 exports valued at \$1.1 billion.
4. Foreign investment response to the hard-sell efforts of the Philippine government has been encouraging, with many companies showing real interest and a number of foreign banks negotiating for equity participation in domestic banks.
5. Tourist traffic, which had declined drastically in recent years, is accelerating at an unprecedented rate, to the point where available hotel space is inadequate to meet the demand.
6. A new approach to oil exploration, permitting service contracts with foreign oil companies by the government, has brought fresh capital into the country as the energy crisis has spurred several major oil companies to intensify their search for new crude reserves.

Most significant is the President's land reform program. His first act under the "New Society" was to declare the entire country a land reform area and to set up machinery



## The Climate Abroad: The Philippines *continued*

for dismantling the age-old tenancy system.

This is not to say that all the problems of business in the Philippines have disappeared. There is, for example, the problem of the expiration next July of the Laurel-Langley Trade Agreement (which amended the United States-Philippines Executive Agreement of 1946), under which Americans enjoyed parity rights in the exploitation of natural resources as well as equal treatment in business activities generally.

Thus, July 3, 1974, signals the end of a 28-year period characterized by a unique special relationship between the Philippines and the United States. Parity is definitely on the way out, by mutual consent of both governments, and negotiations are under way for a new treaty which, to quote the American Chamber of Commerce of the Philippines, "will hopefully set the stage for a new era, with the two countries continuing to enjoy a close, harmonious relationship to their mutual advantage."

Meanwhile, various fundamental matters of concern to American in-

terests in the Philippines are being considered and will, it is hoped, be satisfactorily resolved in the context of the whole range of Philippine-American interests.

Then, too, internal strife and other basic problems in the Philippines will take time to solve. With the population growing at the rate of 3.01 per cent yearly, there will be 42.5 million Filipinos by 1975 compared to just 36.7 million in 1970. At this rate, the country has to generate 450,000 new jobs annually to close the unemployment gap, which in 1972 was 7 per cent of the total labor force. The existence of substantial underemployment, estimated to be 16.2 per cent of the labor force, further complicates the problem.

The Philippines must face up to a growing problem of housing for low-income families and grapple with huge requirements for infrastructure to meet the need for more school buildings, electric power, transportation and communications.

The government is still trying to solve the rice problem, although experts predict a bumper crop in 1974

as a result of an intensified rice production program. Prospects for mounting budgetary deficits are not remote (in spite of improved government collections) due to massive rehabilitation spending after the natural catastrophe of 1972 and military expenses to stabilize the situation in Mindanao and other islands with large Moslem populations.

On balance, however, the future definitely looks good for business in the Philippines. In a country which was on the brink of economic bankruptcy and political chaos, the government has made significant strides toward peace and order, political stability, real economic growth and a solid base for progress and expansion.

This should have particular significance for the United States. Our historic friendly relations with the Philippines, coupled with the latter's special geographic location, make it important for us, in our own national interest, to strive to ensure a continuance of close relations not only in the political and military areas, but in trade as well.

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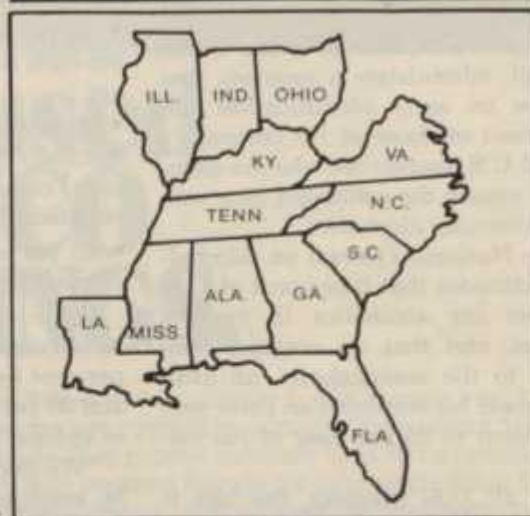
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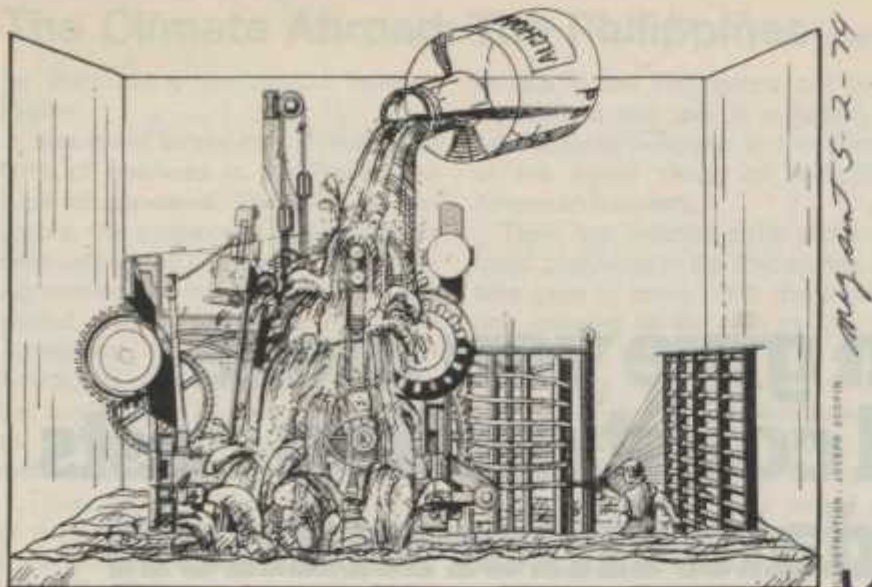


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## THE FAMILY LINES SYSTEM





## Business' Multibillion-Dollar Hangover

American business suffers from "a \$15 billion annual hangover" due to alcoholism, says Edward L. Johnson of The Firestone Tire & Rubber Co., but there are things it can do to ease the pain.

Mr. Johnson, an alcoholism victim himself, administers a program that focuses on early identification and treatment of those of his company's 55,000 U.S. employees who are numbered among the estimated nine million American alcoholics.

The National Council on Alcoholism estimates that 6 per cent of U.S. workers are alcoholics in varying degrees, and that on average, compared to the nonalcoholic, an alcoholic costs his employer an extra sum equivalent to 25 per cent of his salary.

For all U.S. business, the loss is put at \$10 billion in lost work time, \$2 billion in health and welfare services and \$3 billion in property damage, medical expenses, workmen's compensation claims and insurance—which adds up to that \$15 billion hangover Mr. Johnson talks about.

Mr. Johnson, who thinks alcoholism is more pervasive in heavy industry than in other areas of business—the worker percentage may be as high as 10 per cent, he says—reports

surveys at a number of companies show:

- Alcoholic employees typically are aged 35 to 50.
- About half are women.
- 25 per cent are white collar workers such as secretaries and bookkeepers.
- 30 per cent are blue collar workers, normally in the more skilled craftsman category such as machinists, electricians, etc.
- 45 per cent are professional and/or managerial personnel.

Other characteristics: 13 per cent have completed grammar school; 37 per cent have completed high school; and 50 per cent have graduated from, or at least attended, college.

"We find the average alcoholic will be employed by the same company for approximately 14 years before termination," says Mr. Johnson.

Developing alcoholism is anything but hidden, he says, noting that there are such persistent signs as tardiness, absenteeism and sub-par work. As the employee progresses into the middle stage the signs include disappearance from the work post, physical evidence such as red or bleary eyes, sharp mood changes after lunch and/or unusual personality changes

such as a sudden increase in loud talking.

As the employee advances toward the chronic stage, Mr. Johnson says, he will:

- Be absent from the job 16 times more often than the nonalcoholic.
- Have 2½ times as many absences of eight days or more.
- Receive sickness benefits three times greater.
- Have an accident rate 3.6 times higher.
- File five times as many compensation claims.
- Be subject to garnishment proceedings seven times more often.
- Be repeatedly involved in grievance procedures.

Mr. Johnson recommends checking personnel records for causes given for excessive absences from work. Sometimes they can be revealing, such as the case of one employee who claimed to have had 50 teeth pulled, or another who buried four grandmothers in one year.

Firestone started its program in September, 1972, with the stress on confidentiality. By the end of the first year Mr. Johnson had 716 cases. Of these, 40 per cent were alcoholics and 8 per cent on drugs. The other 52 per cent had problems caused by alcoholic or drug-abusing family members.

Initially, all employees involved were referred to the program by supervisors, but now 34 per cent are coming forward on their own, 22 per cent are referred by their families and 9 per cent by friends.

Mr. Johnson says experience has shown the most important aspect of successful recovery from alcoholism is motivation to accept treatment, rather than the treatment itself.

"Industry," he adds, "has the most effective motivational tool known to date—the desire to hold the job."

He warns against the sheltering supervisor.

"As long as we shelter the alcoholic from the consequences of his drinking, we are handing him a time bomb," Mr. Johnson says. "We are killing him with our kindness. In fact, in many instances, our inaction will result in insanity or early death."

END



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## business: a look ahead

BY GROVER HEIMAN  
Associate Editor

### Bills Strike a Blow for Walkouts by Public Employees

Strikes by state and local government employees are banned by laws in most of the country, but the bans don't necessarily prevent them—as witnessed recently in San Francisco when raw sewage poured into the Bay and the transit system ground to a halt.

Still, illegality serves as somewhat of a deterrent to such paralyzing walkouts. Now there's legislation in Congress which would largely remove the deterrent.

Organized labor favors such proposals as HR 8677, sponsored by Rep. Carl Perkins (D.-Ky.), chairman of the House Labor Committee, and Rep. William Clay (D.-Mo.), a Committee member.

This bill, among other things, grants the right to strike under most situations, allows a mandatory agency shop and establishes a new federal agency modeled on the National

Labor Relations Board to handle disputes.

Also in the legislative mill is HR 9730, sponsored by Rep. Frank Thompson Jr. (D.-N.J.), which would expand the National Labor Relations Act to cover all state and local government employees.

Generally, groups representing the business community will fight for complete right-to-work protection for government workers, insist that states retain the authority to regulate government labor relations outside the federal sector, and flatly oppose allowing the federal government to override a state's ban on public employee strikes.

Opponents of HR 8677 and HR 9730 warn that their passage would be a foot in the door for federal government employee unions, which would like to see legislation passed allowing federal worker walkouts.

### Getting Through the Map Maze

A central source of information about maps, charts, aerial photos, etc., should be available to businessmen and the public in July.

The National Cartographic Information Center is being established at the U.S. Geological Survey's headquarters in Reston, Va. The purpose: To provide "one-stop" access to all types of federal government cartographic and survey data.

Users of cartographic products often face

a bewildering task in locating what they want, the Geological Survey explains. The Center will make it unnecessary to contact four or five different agencies per search.

The Center will not take over the function of other organizations furnishing cartographic products, but is designed to make it easier to acquire varied materials. Initial funding of \$1 million will probably double by fiscal year 1977.

### Highway Funds May Be Sunk in Subways

Interstate Highway System segments that some businessmen were counting on as aids to their operations may never be built.

The Department of Transportation is in the process of advising states of statutory conditions affecting construction of Interstate Highways as contained in the Federal-Aid Highway Act of 1973. The law gives states the right to eliminate or change planned Interstate segments, plus an option to substitute mass transit projects for them.

States must notify the Federal Highway

Administration by June 1 of the action they plan to take on segments that have not been built. If a state doesn't intend to go ahead, it can:

Transfer the segment to another part of the state; seek modification of the segment as programed; simply not build it, and allow the funds to go to other states; or—if the segment is in an urbanized area—not build it and use an equivalent amount of money from general revenues on a nonhighway mass transit project.



## Would You Like FOG to Fill Your Tank?

Washington, the producer of such great acronyms as EPA and HUD, is toying with another. Stephen A. Wakefield, a top Federal Energy Office official, contends that the proposed Federal Oil and Gas Corp. would probably be tagged with an abbreviated title—FOG.

"Actually," Mr. Wakefield says, "there's more truth than poetry in that short title"—perhaps a diplomatic way of saying that Senators backing legislation to create a government corporation to hunt and drill for oil haven't the foggiest idea of what they are doing.

The petroleum industry would have a formidable competitor should the legislation pass. Mr. Wakefield warns that FOG, as a

federal agency backed by government funding, would be able to borrow at lower interest rates. Also:

"It would have first right to select 20 per cent of federal lands and Outer Continental Shelf acreages for exploration and drilling—at no cost . . . leaving the higher-risk locations to its private sector 'competitors.' Finally, as a federal agency, FOG would be exempt from state and local controls."

Backers of the bill argue that FOG, competing with private enterprise, would set benchmarks for prices of energy products.

Opponents of the proposal claim formation of such an agency could lead to a Federal Steel Corp., a Federal Agricultural Corp., etc.

## The Mowers That Roar May Be Supplanted

Someday, businessmen may look back on a host of ingenious products and production methods—none of them in existence now—and say: "It all started with a 21-inch rotary lawnmower."

Noisy mowers are the first target of the Experimental Technology Incentives Program, which is aimed at stimulating new technology through a close federal partnership with the private sector.

ETIP, administered by the National Bureau of Standards, recently provided funds to the General Services Administration's Federal Supply Service for development of improved specifications and test methods in the power mower industry.

The objective is a mower 50 per cent quieter than most are now.

To get mowers that purr rather than roar,

General Services Administration not only is supporting development work by private firms but is using its considerable purchasing power to create extra incentive for their production. It has advertised that the government wants to buy at least 10,000 of them initially.

Federal officials figure that innovative mowers produced by manufacturers who want that government business would be on the private market within three years after the government's first bulk purchase.

Slated next on ETIP's list is energy conservation improvement for room air-conditioners, frostless refrigerators, home water heaters and kitchen ranges.

Also to be looked at are incentives to encourage establishment of more small technology-based firms.

## Propping Up Our Timber Supplies

With government economists talking about a bottoming-out of the slump in housing starts, look for action to ensure timber supplies for the upswing.

To start, the Agriculture Department has banned the export of unprocessed timber from national forest lands west of the 100th

meridian, which runs from central Texas up through the central Dakotas. In the past, as much as 350 million board feet of unprocessed timber from the national forests could be exported annually. Actually, processed timber, such as lumber and pulp, may still be exported without restriction.

## A Half-Buck Bargain for Overseas Sellers

A half-buck may not buy much these days, but for a businessman interested in selling a product or service overseas there is a 50-cent bargain.

The Commerce Department's Trade Opportunities Program will provide 50 sales leads for \$25—50 cents each.

Basically, the program works this way:

U.S. firms tell TOP about their products and the types of market leads they want.

Meanwhile, the Commerce Department, through a promotional campaign overseas, is steering potential foreign customers to embassies and consulates. There, commercial officers find out what the foreigners are in the market for, and wire information to

Washington, where it is cranked into a TOP computer. The computer matches up U.S. firms with sales prospects. It prints out all pertinent sales lead information on a special mailer for each U.S. subscriber. And the commercial officers get computer print-outs listing firms which might service the prospects they turn up.

The Commerce Department promises that the computer will produce within 24 hours after receiving data from overseas.

Fully under way since the first of the year, the program now has some 5,000 firms registered, offering products in 8,000 categories. The TOP computer is handling an average of 250 to 300 inquiries each week.



## editorial

# You're Still the Answer

Does this sound familiar?

Attacks on business "impair the public's confidence in it. They prompt governmental interference and political agitation, and give rise to new taxes. They limit business progress and opportunity. They affect the living and working of the lowliest citizen."

This was written by Merle Thorpe, editor of *Nation's Business*, in 1936. He concluded:

"The answer gets right down to the individual businessman. Will he make the personal effort to correct muddy and mendacious thinking in his own circle of influence? If he does not, business will get a permanent setback, and, more important, the American tradition will, by default, die a humiliating death."

Business is as much under attack now as it was in 1936—or more so. And the answer is still the same.

The National Chamber is leading a campaign to interpret our business system to the public. As a businessman, you can take part in this campaign.

If you need help, holler.





## Measure your cabinets and find out how many more hand-dries you can get with Fort Howard's Super Singlefold towel service.

The more hand-dries you get out of your cabinet, the more efficient your paper service. That's what our Super Singlefold service is all about—more hand-dries.

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Most standard size singlefold towel cabinets hold about 450 towels. Our Super Singlefold cabinet holds up to 1300.

So you can have more hand dries with fewer fillings.

### **More hand-dries mean less chance of run-out.**

The Super Singlefold cabinet holds almost three times as many towels as most standard cabinets. So you can service more than twice as many people with each cabinet filling. And still have towels to spare.

You have fewer run-outs. And get fewer complaints.

### **More hand-dries mean maintenance savings.**

Replace your smaller cabinet with our big cabinet service, and you'll probably reduce the number of cabinets it takes to offer the same towel service.

Fewer cabinets mean less cabinet loading time. And that can help you cut down on maintenance costs.

### **Does your cabinet service measure up?**

To find out how your cabinets measure up, write us on your letterhead. One of our salesmen will be over to show you how many hand-dries you're getting with your present service. And how many more you can get with Fort Howard's Super Singlefold.



# Fort Howard Paper

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